



LABOR MARKET ASSESSMENT - SOUTHERN TURKEY: ADANA PROVINCE

Volume I: Main Report

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Labor Market Assessment
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EXECUTIVE SUMMARY

International Advisory, Products and Systems (i-APS) and its Turkey-based partner, Infakto RW, conducted a Labor Market Assessment for the Global Communities for Employment Training in Turkey (GET IT!) Project, funded by the German Technical Cooperation Agency (GTZ), in Adana Province. As Adana Province hosts the fifth-largest Syrian refugee population in Turkey, where nearly half of the host population is below the poverty line, refugees and host community members face considerable challenges in accessing employment opportunities. The goal of the GET IT Program is to improve living conditions for 500 Syrian refugees and vulnerable Turkish citizens, through increasing access to high-quality, vocational training services.

In order to first understand the dynamics of the labor force and employment in Adana, as well as the range of existing vocational training centers, Global Communities commissioned i-APS to conduct a labor market assessment. The objectives of this labor market assessment were to understand factors contributing to the success and limitations of the labor market throughout Adana, including incongruence in labor market demands and the labor force, youth unemployment and low levels of female participation, and to assess the opportunities for entrepreneurship and microfinance. Findings from the labor market assessment will be used to guide Global Communities and regional actors in developing a vocational training program and creating market linkages for Syrian refugees and vulnerable Turkish citizens living in Adana.

To achieve these objectives, a multi-methods approach was used. This included: 1) desk research of relevant documents and literature, 2) focus group discussions, 3) in-depth interviews, and 4) a survey conducted with individuals living in Adana.

Methodology	Respondent Profile	Sample
Desk Review	The i-APS team consulted 28 relevant documents and publications	-
Key Informant Interviews	Owners, Senior Management and Leadership at the following types of institutions: <ul style="list-style-type: none"> • small, medium or large enterprises; • associations, the chambers of commerce and industry; • labor unions; • national and local government institutions dealing with employment and labor issues 	32 individuals
Focus Group Discussions	10 FGD with employers, skilled and non-skilled employees, and skilled and non-skilled unemployed participants	89 individuals
Survey	Residents throughout Adana Province, including host community members and Syrian refugees	1,031

Labor Market Trends and Vacancies (Demand-Side)

Emerging sectors

Some sectors in Adana province are experiencing significant growth, namely manufacturing and construction. Within agribusiness, which is historically Adana's flagship industry, aquaculture's contribution to Turkey's national GDP has increased since 2005; between 2005 and 2014, the share of fishing's contribution to national GDP rose from 0.4% to 0.9%. Manufacturing and housing construction, (partially due to the recent immigration of Syrian refugees), are two emerging sectors, and the two sectors with the largest capacity to formally employ Adana residents. There are nearly 12,000 manufacturing firms within Adana, of various sizes, and over 5,000 construction firms. The expansion of regional headquarters for information and communication technology (ICT) firms already present in Adana provides further employment opportunities, as does the health sector (and medical tourism), and increasing regional investment in the energy sector. Despite port access and the increasing potential for tourism, the textile industry has lost its prominence in the provincial economy.

Skills needed

Between 2010 and 2014, the number of job placements in Adana more than quadrupled, from 8,843 to 41,634. The Turkish National Labor Agency, İŞKUR, has gone through a national institutional strengthening process, and also national regulatory policy reforms to facilitate framework contracts with employers. These reforms have been to streamline referrals and the hiring of convenient and skilled manual laborers, enabling them to access jobs throughout Adana. However, despite increases in job placements, many sectors in Adana are expanding rapidly, particularly medium and large enterprises, and employers are unable to find qualified (skilled and experienced) candidates to fill vacancies, and are unable to keep up with growth. Manufacturing companies, perhaps the largest emerging sector in Adana, continue to seek experienced office workers, manual laborers, university graduates, and engineers. The services sector and retail sector also claim a gap in finding qualified candidates in Adana with communication skills, English skills, or relevant computer literacy skills, to fulfill the roles of salesperson or social media and web specialist.

Opportunities for Syrians

According to 2016 statistics from the Office of the UN High Commissioner for Refugees (UNHCR), the number of Syrian refugees in Turkey was 2,743,000, which makes Turkey a host country with one of the largest populations of forced migrants in the world. Despite the emergence of a legal process for employers to register Syrians to attain formal employment, firms of various sizes and employers throughout Adana have overwhelmingly opted out of this process, for several reasons. Firstly, according to qualitative findings, employers perceive Syrians in Adana as being untrustworthy and unskilled, and prefer to hire Turks. Such employers therefore see no merit in obtaining authorization to have work

permits to host Syrians. Secondly, the overly bureaucratic process of employer registration perpetuates the opportunity for Turkish employers to exploit Syrians as laborers, who typically earn about half the minimum wage of Turks. Over half of Syrians employed in Adana work as informal, manual laborers, in the agricultural, manufacturing, and construction sectors, and another 21% of Syrians describe themselves as being self-employed.

Recommendations related to demand-side challenges in the Adana labor market are as follows:

- 1. Given the explicit absence of vulnerable populations in regional job creation plans by agencies such as İŞKUR, international and national organizations supporting income generation or job-creation programs should advocate the inclusion of vulnerable populations, namely refugees, in regional strategic plans. Findings from the labor market assessment, specifically the skills-level of Syrians in Adana, statistics about their intention to reside in Adana permanently, their ambitions, and their desire to integrate, may influence employers' reluctance to begin the registration process for hosting Syrian refugees.*
- 2. Using İŞKUR as an intermediary, these organizations should develop partnerships to work with employers and human resource departments, to dispel myths about Syrian employment habits, preferences, and intentions for integration, and to promote the fact that hiring Syrians does in fact improve local economies.*

Available Labor Force (Supply-Side)

Characteristics of the labor force

Within Adana province, there are 1,381,000 individuals considered to be participating in the labor force. Only 50.3% of this population is employed, with 71.7% of those employed being men. The majority of the workforce is literate (approximately 95%), which is nearly equal to the national average. Youth in Adana are significantly more educated than older generations, as over 80% of those aged 16-20 in Adana have received secondary education, (with this figure being less than 40% among individuals over 40 years old). There is no significant gender gap in terms of educational achievement among those participating in the labor force, particularly among the younger generations.

Access to the labor market is variable, and is based on the level of skills the candidates have and the strength of their personal networks. Regardless of employment status, the prevailing method for employment is through friends and personal networks. Skilled workers supplement this by using newspapers or *kariyer.net* to share their curriculum vitae (CV). Unemployed workers predominantly rely on friends or relatives for learning about job opportunities (60%), and, similarly, due to concerns around employee loyalty, smaller firms prefer to hire their own relatives or people they may know. Aside from personal networks, unskilled workers have difficulties identifying other effective channels for employment. Although nearly 90% of respondents were familiar with İŞKUR,

both the qualitative findings and the quantitative survey suggested that it is not a popular platform for creating employment linkages for job-seekers, particularly among those who are unemployed and seeking employment.

The role of women in labor force participation

Female unemployment in Adana remains high. However, although the majority of women do not formally work, they contribute to agricultural production, child care, and other household jobs. There were 51% of women who quoted housework as the primary reason for not participating in the formal labor force, followed by education commitments and lack of family permission. Among the women counted as being part of the labor market, nearly half of them aged between 15 and 34 are unable to find a suitable job.

Recommendations related to supply-side challenges in the Adana labor market are as follows:

- 1. International and national organizations supporting job creation in Adana should partner with universities and high schools in Adana to provide "job preparedness courses" for Turkish youths, particularly women, in order to improve their "soft skills", which employers identify as being lacking in the current labor market.*
- 2. As Turkish language acquisition continues to be a barrier for Syrians seeking formal employment, the aforementioned organizations should contribute and encourage Syrians to enroll in Turkish language courses, in addition to "job preparedness courses" in Turkish.*
- 3. These organizations should also consider providing participatory workshops with Syrians for the purpose of discussing and understanding Turkish employers' attitudes towards Syrians and how both communities could take action to bridge the divide. Given that combating xenophobia requires systemic reform in national policies, which are deep rooted in nationalism, Turkish history, and other psycho-social-behavioral dimensions, equipping Syrians with approaches for combating xenophobia could contribute to improving employers' perceptions of Syrians. More importantly, national institutions like İŞKUR should do this among Turkish employers). The outcome of such workshops would be to encourage consensus on the unique challenges faced by both Turkish host communities and Syrians.*

Vocational Training Opportunities

Adana province has 410 vocational training centers, which is higher than the national average per province, yet demand for these vocational training classes is very high and classrooms are often crowded. İŞKUR organizes and conducts most of the vocational training programs in Adana, although various public institutions, (such as Seymer and Public Education Centers), and a small number of NGOs, also contribute to vocational training programs in the Adana region. Participants often found these vocational training courses to be too theoretical and of very low quality, as well as often being irrelevant and incompatible with

the specific labor market of Adana. Further, İŞKUR-administered vocational training centers do not currently have programs specifically targeting disadvantaged groups such as immigrants and women, (who contribute significantly to unemployment rates in Adana), with the exception of “life skills courses”. Therefore, the majority of people in these groups are excluded from vocational training courses.

Recommendations related to vocational training courses in Adana are as follows:

1. *International and national organizations supporting job creation should share this labor market assessment with İŞKUR, for feedback and reaction, and gauge İŞKUR’s willingness to adapt their curricula based on these findings. The feedback from this labor market assessment, and rigorous evidence from primary and secondary data sources, could inform İŞKUR’s curriculum design in terms of pedagogy, training courses, and training materials to support hands-on learning. The findings might also inform structural improvements to vocational training center facilities, to adequately accommodate all students.*

Depending on requests from İŞKUR for NGO support for reducing identified capacity gaps:

2. *Organizations working to support job creation in Adana should provide direct technical assistance to enable reform of provincial curricula, link İŞKUR with local employers to begin an apprenticeship program, have mentors speak to vocational training students, or provide direct financial support to expand facilities to meet the high demand. The best means of achieving this would be to integrating vulnerable populations into publicly delivered services, assuming that İŞKUR in Adana has the capacity to adapt to the emerging sectors in order to remain relevant.*
3. *Alternatively, international and national organizations supporting job creation could consider parallel vocational training programs which target host communities and refugees while leveraging other local public institutions (such as SEYMER or Public Education Centers) as a delivery platform.*

Entrepreneurship Opportunities

A minority of respondents (24.8%) expressed a desire to start their own business, primarily due to the economic pressures of start-up and operational costs, with women (17.9%) less willing than men (31.3%). Despite the availability of micro credit schemes and public lending programs, only 6.9% of respondents had previously heard of these programs aimed at alleviating the burden for people financing their own business. The most popular types of business in which respondents in Adana expressed an interest in starting included beauty parlors, cafés, fast food restaurants, retail shops, and grocery stores.

Recommendations related to promoting entrepreneurship in Adana are as follows:

- 1. National and International organizations supporting labor markets in Adana should collaborate with existing MFIs in Adana, on a policy level, to verify the eligibility requirements (e.g. "Know Your Customer") for micro lending, and to clarify if any additional measures are required for Syrians to participate.*
- 2. National and International organizations supporting labor markets in Adana can also identify potential committed, aspiring entrepreneurs who are graduates from vocational training centers, or skilled and unemployed community members, and guide them through the MFI registration process.*
- 3. Piloting direct lending or cash grants to select, low-risk, aspiring entrepreneurs can offset some operational costs, such as rent, to kick-start entrepreneurship.*

LIST OF ACRONYMS

BTSB	Ministry of Science, Industry and Technology
CKA	Cukurova Development Agency
FGD	Focus Group Discussion
GDP	Gross Domestic Product
İŞKUR	Turkish Labor Agency
KEDV	Foundation for the Support of Women's Work
KII	Key Informant Interview
KOSGEB	Small and Medium Industry Development Organization
MFI	Microfinance Institute
NGO	Non-governmental organization
SEGE	Social and Economic Development Indicators (Published by the Ministry of Development)
TGMP	Turkey Grameen Microfinance Program
TRY	Turkish lira
TURKSTAT	Turkish Statistical Institute
UNHCR	Office of the United Nations High Commissioner for Refugees

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A. INTRODUCTION:**1. Description of Region**

Adana is located in the Mediterranean Region, with an area of 14,045 km². It is bounded by Kayseri in the north, Kahramanmaraş, Osmaniye and Gaziantep in the east, Hatay in the southeast (which borders Syria), and Niğde and Mersin in the west. In the southern part of the region, the province has a 160 km coastline with the Mediterranean Sea. Geographically, Adana is composed of plains and highlands, with the Adana Plains covering 27% of the province. Çukurova, which forms the southern part of the Adana Plains, is the largest river basin in the country. The Seyhan and Ceyhan rivers, which are the longest in the Mediterranean Region, flow through the Adana Plains, with four dams having been constructed on them. The climate in Adana has the characteristics of the Mediterranean region - dry and hot in summer, and warm and rainy in winter - providing a great opportunity for a diverse agricultural production. There is 38% of Adana that is cultivated, whilst 39% is greenwood, 4% is meadows and ranges, and 19% is non-agricultural land.

Adana is the sixth-most populous province of Turkey, with a population of 2,201,670 (TURKSTAT, 2016), while the density of the population is above the national mean¹. Based on a series of economic and social indicators corresponding to the second level (SEGE, Ministry of Development, 2013), Adana is the 16th province in terms of level of development. The indicators used for the calculation of development are classified into 8 groups, with 61 variables, including:

- Demographic Indicators
- Employment Indicators
- Education Indicators
- Health Indicators
- Competitive and Innovative Capacity Indicators
- Financial Indicators
- Accessibility Indicators
- Quality of Life Indicators

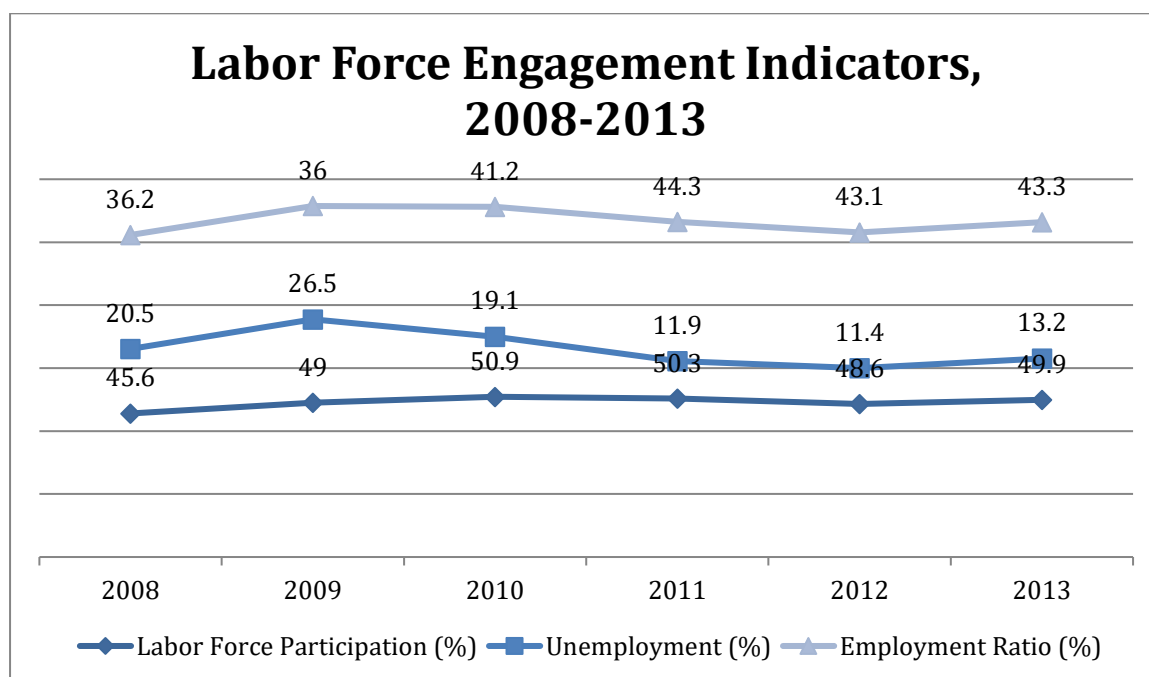
Socio-economic development research conducted by the Ministry of Development, in 2003, with the same methodology but slightly different indicators, indicated that Adana was the 8th-most developed province in Turkey. This demonstrates a dramatic fall in Adana's ranking, in terms of social and economic predictors. This deterioration suggests that a careful analysis of each group of indicators is required, especially for those related to labor market and employment, since Adana has important potential in terms of economic activities (Cukurova Development Agency, 2016).

Based on the Nomenclature of Territorial Units for Statistics (Statistical Regional Units Classification), Adana is placed in the TR62 region with Mersin, with agriculture and service sector employment rates of 23.7% and 53.1%, respectively. Both of these rates are above the national average, but the employment rate in the industry sector (23.3%) falls below the national

¹ National population density mean was 104 people/km² while it was 158 people/km² for Adana (TUIK, 2016).

average. Although the labor force participation ratio (49.9%) and unemployment rates (13.2%) are not dramatically different from the regional (50.3% and 12.8%, respectively) and national (50.8% and 9.7%, respectively) averages (TURKSTAT, 2016), Adana's labor market is highly sensitive to economic crises, and the current economic situation has lowered rates of labor force participation and employment in the province (Cukurova Development Agency, 2016). The high number of informal employees, usually stemming from the need for seasonal agriculture workers, presents another critical labor market issue in Adana.

Figure 1. Labor Force Indicators, by Year



Regionally, the highest rate of employment is found in micro-size enterprises that have between one and nine employees, with sales revenue of less than 1 million Euros (KOSGEB, 2015). However, in Adana, the agriculture sector employs the majority of the workforce, with 38% of lands being arable, and with the sector's contribution to regional GDP being above the national average.

Adana is evaluated as being efficient in terms of development potential, regarding the profitability and productivity of investment, although this potential seems not to have been realized, with Adana being below the national average in terms of its share of high-value-added industrial production². The repercussions of potentially low valuation and investment contribute to a lower share for industry in employment rates, as well as the migration of qualified labor.

² The Gross Industry Value Added per capita for Turkey is 4,262 TRY, while it is 2,549 TRY for the TR62 region (Cukurova Development Agency, 2016).

The rate of unemployment in Adana has doubled, from 2010 to 2015, according to the number of individuals registered as unemployed with the Turkish Employment Agency (İŞKUR), Adana branch (İŞKUR, 2015). Although the recognition of İŞKUR and the increasing demand for women to participate in the formal labor market are taken to be the main factors behind this dramatic increase in the unemployment rate, the population of Adana is relatively younger than the national average. The percentage of employable youths, aged 15-29, is 23.5% in Adana, compared to the national figure of 20.2%. There is a mismatch between the labor force demanded by the market and the employable labor force. Moreover, increasing numbers of immigrants³, a paucity of available positions compared to the number of jobseekers (İŞKUR, 2015), a salient preference for men over women for open positions (İŞKUR, 2015), and a high rate of informal employment, suggest the need for an in-depth assessment of the labor market. This is so that an understanding can be developed of the mismatches between the reasons for unemployment, job vacancies, and the needs of the labor market.

2. Objectives

Based on the labor market challenges in Adana, identified below, a series of methods can be utilized to identify the issues which both hinder improvements to the labor market, and lead to high rates of unemployment. The main problems related to the labor force and labor market are:

- Increasing unemployment
- Incongruence between the demands of the labor market and the labor force
- Emigration of skilled labor, and immigration of unskilled labor
- Low participation of women in the labor market
- High levels of informal employment
- Low levels of knowledge/information about micro credits and other entrepreneurship opportunities

Many of the above-mentioned problems correspond to an incongruity between the needs of the labor market and the characteristics of the labor force. This assessment seeks to identify ways in which the labor market challenges can be addressed, in Adana. An in-depth analysis of the issues causing this incongruence, and finding ways in which the labor force can better match the demands of the market, are the main aims of this project. Accordingly, the assessment will identify the following:

- The types of skills which are most in demand in the private sector.
- Companies and institutions which offer, or are willing to consider, apprenticeships.

³ Although the net migration rate in Adana has a negative value (-4.2‰) for 2016, since the skilled labor force is emigrating while the majority of immigrants are unskilled; immigration has been a problematic issue for the labor market (Adana Provincial Board of Employment and Vocational Training, 2016; Çukurova Development Agency, 2016; İŞKUR, 2015).

- The skills that are not being adequately addressed by local training providers and/or are not available in the local labor market.
- Potential solutions to bridge the gap between the need for specific skills and their availability in the local labor market.
- Promising job placement opportunities.
- Existing vocational training providers, the types of training they offer, and how available they are to women and young people in the area.
- Constraints to employment for women and young people, and the role and effectiveness of job placement agencies.

B. DESIGN AND METHODOLOGY

A multimethod approach was used to conduct this study. This included: 1) desk research, 2) focus groups with employers, skilled and non-skilled employees, and skilled and non-skilled unemployed participants, and 3) in-depth interviews conducted with key informants working in institutions related to labor markets, (such as the Turkish Labor Agency's Adana branch, Cukurova Development Agency, other public agents, and representatives of emerging sectors), and 4) a survey conducted with 1,031 people living in Adana.

1. Desk Research

The evaluation team used a detailed and careful analysis to evaluate Adana's local and regional potential for having an influence on the labor market. The key secondary data sources considered were:

- Household Labor Force Statistics, gathered by the Turkish Statistical Institute
- Ranking of Provinces and Regions, using Social and Developmental Indicators, conducted by the Ministry of Development
- Situation of Industry by Provinces, published by the Ministry of Science, Industry, and Technology
- Labor Market Research Report, and Strategic Plans, conducted by the Turkish Labor Agency
- Reports on potential investment areas and rising sectors in Adana, conducted by the Cukurova Development Agency
- Similar reports or plans including information about labor market potential, and strengths or weaknesses, conducted by various private and public institutions

The information yielded from these sources provided important insights on:

- An overview of the social and economic situation of the province
- Labor statistics for unemployment rates, the characteristics of the labor market, and labor market trends
- Sector-specific information that could have an influence on labor markets, including key actors and potential areas of investment
- An overview of the vocational skills actors who aim to upskill unemployed Turks and immigrants

- Available microfinance institutions which promote entrepreneurship
- The situation of disadvantaged groups, such as women, immigrants, and disabled people, in the labor market
- Available projects to improve the labor force
- Available opportunities for improving the participation of women in the labor force

The analyses have enabled identification of the gaps between labor market demands and the characteristics of the labor force, and of the sectors with potential to strengthen the labor market and increase employment opportunities. Moreover, the influence of the current Syrian Crisis, the influx of refugees and other immigrants into the labor force, and the participation of groups such as women were evaluated together, using data collected via field studies.

2. Quantitative Survey

A quantitative survey was conducted in Adana, in February 2017. The sampling framework consisted of 829 neighborhoods of Adana. Seven neighborhoods were selected as Self-Representing Units, and directly included in the sample. A further 68 neighborhoods were selected randomly, with probability of selection being proportional to size. In each neighborhood, 8 surveys were conducted in 4 streets selected from the alphabetical sampling frame, (which is also called a *Kish* grid). On each street, two houses are selected randomly, according to their door number. Within each house, one individual was selected as a respondent; this was the person being listed first, alphabetically and using first names, of all household members aged 15 or older.

At the beginning of the fieldwork, surveyors and survey supervisors were trained by the project team. All interviewers carried an appropriate identity card and an official letter of permission to carry out interviews, issued by the local government.

Interviewers were supervised in the field during the respondent selection process, and completed interviews were monitored by local survey management teams, on a daily basis, and then submitted to the central office in Istanbul. The central office carried out telephone spot checks, for about 10% of all the interviews submitted by the local offices, before formally accepting the completed forms. All of the completed forms were then quality assured for any inconsistencies, and verified by telephone, when necessary.

The target population for the survey was Adana residents aged 16-65, who are able to work, with men and women equally represented. The sample size was representative of the target population and its main demographic subgroups according to gender, age, income, employment, and ethnicity. The final sample size for the quantitative survey was 1,031 respondents.

3. Focus Group Discussions

Ten focus groups, with 89 employers, employees, and unemployed individuals, were organized in Adana for the first week of February 2017. Groups in the discussions had the following characteristics:

1. 9 employers running a small business (Male)
2. 9 unskilled employees (Female)
3. 9 unskilled unemployed (Male)
4. 7 skilled employees (Male)
5. 8 skilled employees (Female)
6. 9 employers running a medium-sized or large business (7 males and 2 females)
7. 8 skilled unemployed (Male)
8. 9 unskilled employees (Male)
9. 11 unskilled unemployed (Female)
10. 10 skilled unemployed (Female)

Each group was composed of 8-10 participants. Participants were recruited using local employment databases. Each respondent received a small monetary compensation for his or her participation. The average duration of each discussion was 1.5-2 hours.

The FGDs were semi-structured, (and the full question/moderation guide can be found in **Annex X**), with key topics controlled by the facilitator, and with opportunities for emerging topics to be discussed and explored by the group.

4. Key Informant Interviews (KII)

Face-to-face interviews were held with 32 people who had a key position in a critical or relevant institution of Adana. Similar to the FGDs, these KIIs followed a semi-structured format. Notes were taken during the KIIs, including key quotes, and were analyzed according to themes. The informants were selected based on the following criteria:

- Owners or top managers at small, medium, or large enterprise
- People employed in a high managerial position of an employers' associations or of chambers of commerce and industry
- People employed in a high managerial position of a labor union
- People employed in a high administrative position of a national or local government institution dealing with employment and labor issues

Instruments used in KIIs, and the list of interviewees, can be found in **Annex 3**.

1. ADANA MACROECONOMIC OVERVIEW

GDP and Other Economic Indicators

Its physical location and climate makes Adana an ideal site for agricultural production. Particularly since the 1950s, improvements in agricultural technology (such as the Seyham dam construction) have enhanced Adana's agrarian productivity. While 35% of the land is arable, giving a large range of opportunities for the cultivation of diverse products, at different times of the

year, stock farming is an additional source of income which contributes a greater amount to Adana's economy than the national average (TURKSTAT, 2013).

Table 1. Value of Animal Products (TURKSTAT, 2013)

Years	Adana		Turkey	
	Value	Value Per Capita (TRY)	Value	Value Per Capita
2013	400	186	40,459	528
2014	452	209	44,333	571

Adana is included in the TR62 region, based on Statistical Regional Units Classification, with Mersin, where GDP per capita is calculated as 7,232 USD, which is below the national GDP per capita of 9,244 USD (Ministry of Development, 2013). According to socio-economic development level ranking, Adana is the 16th-most developed city in Turkey, with a Socio-Economic Development Index value of 0.5666⁴ (Ministry of Development, 2013). Based on this index value, Adana is considered to have an intermediate level of development, and is placed at development Level 2. This level is considered in private sector decision-making for investment initiatives. Additional background socio-economic development indicators for Adana are described in Table 2.

Table 2. Basic Socio-economic Indicators for Adana

	Adana	Turkey
Population (Million)	2,201,670	79,814,871
Population (Density) (persons/km²)	158	104
Annual Population Growth Rate (%)	11.1	13.7
Surface (1,000 km²)	14,045	783,562
Education (% of illiteracy in 15+age)	5.4	4.7
Health (# of hospital beds per 100 people)	293	265

⁴ SEGE (Socio-economic development index) is calculated using Principal Component Analysis, based on a variety of dimensions. This is different from the previous ranking conducted in 2003. Wealth indicators were increased from 5 to 9 indicators, following changes in the country during the past decade, and have been based on recent development research studies conducted by OECD (Ministry of Development, 2013). The analysis was based on data gathered in 2011.

GDP (TRY)	41,813,831	2,044,465,876
Industry (TRY)	2,549,000	301,326,396,000
Agriculture (TRY)	1,775,000	103,635,252,000
Urbanization Rate (%)	89	91.2
Net Migration Rate (%)	-4.2	-
Socio-Economic Development Rank	16	-

(TURKSTAT, 2014)

Although Adana is ranked sixth in terms of the most populated provinces, the development rank of the province is relatively low. According to the national socio-economic development study (Ministry of Development, 2013), emigration is one of the main reasons behind this low level of development. According to 2010 statistics, Adana has the highest unemployment rate throughout country, (see **Table 3**), and is ranked 9th in terms of provincial unemployment, according to official 2013 statistics (TURKSTAT, 2013). Despite relatively strong financial indicators and industrial infrastructure, which signal potential for development, unemployment rankings and emigration severely limit Adana's development scores and ranking.

Table 3. Unemployment Rates (%), by Year, in Adana and Turkey (2008-2013)

	Adana	Turkey
2008	20.5	11.0
2009	26.5	14.0
2010*	19.1	11.9
2011	11.9	9.8
2012	11.4	9.2
2013	13.2	9.7

(CKA, 2016; based on TURKSTAT data)

* Adana had the highest rate of unemployment in 2010 (TURKSTAT, 2011)

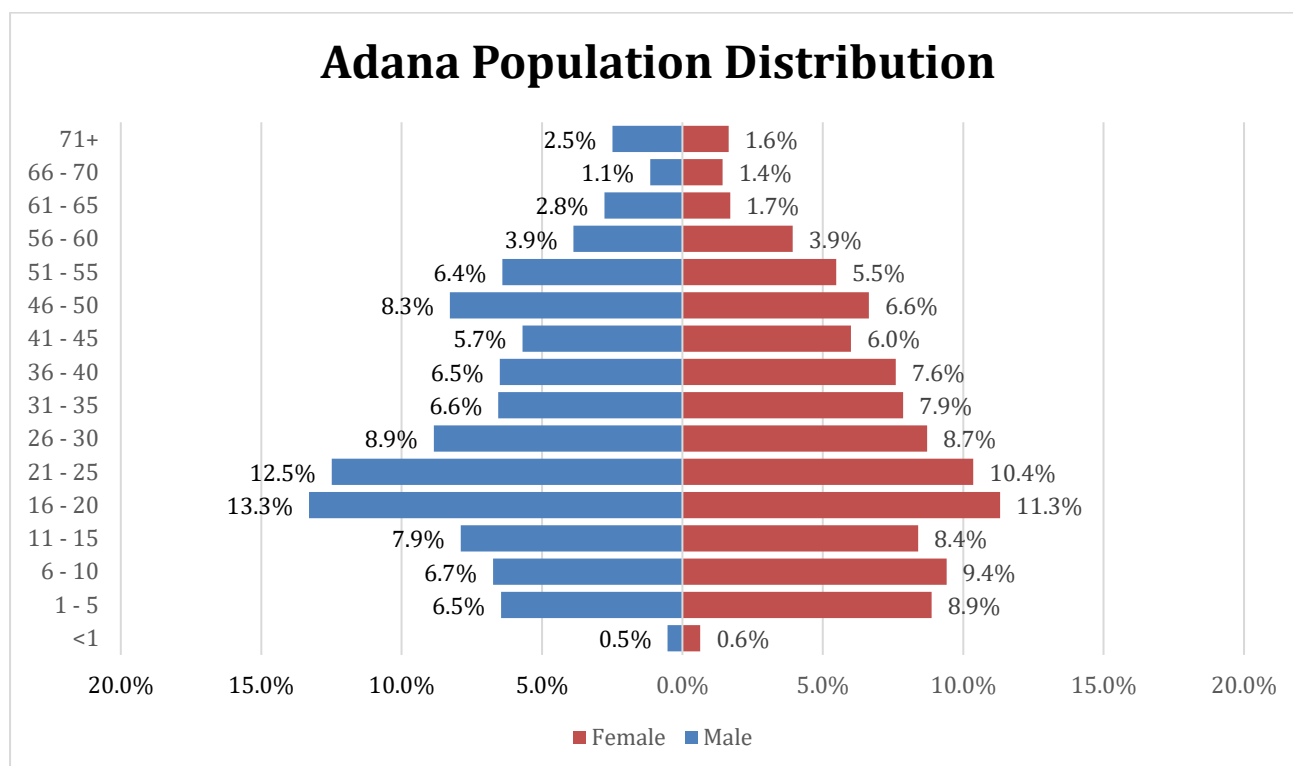
Together with higher rates of unemployment, the birth rate in Adana is also high. The crude birth rate in Adana is 18%, compared to the national average of 16.9% (TURKSTAT, 2013). Adana also maintains a large young and dependent population, which can be considered as disadvantageous in terms of labor market efficiency, compared to the first level provinces. However, despite the

high crude birth rate, due largely to emigration, the population growth rate in Adana is negative.

2. OVERVIEW OF THE LABOR MARKET AND LABOR FORCE

Labor Market Characteristics

Figure 2. Population Distribution in Adana



Based on quantitative data, demographic figures indicate that Adana's population is relatively young, with 25% of the population being younger than 15 years old. The percentage in the 15–29 age group is 24%, and half of the population is younger than 30 years old. Conversely, only 10% of the population is older than 50 years old.

Employment Trends

Labor force participation in Adana is not dramatically different from the national average, although utilization of the labor force (employment and unemployment rates) remain a significant challenge.

Table 4. Employment Indicators*

	Turkey	Adana
Labor Force Participation Rate⁵ (%)	50.8	49.9
Employment Rate (%)	45.9	43.3

⁵ Proportion of target population "active" in the labor force (currently employed or job-seeking).

Unemployment Rate (%)⁶	9.7	13.2
Ratio of Employees in Agriculture to Total Number of Employees	21.1	21.1
Ratio of Employees in Industry to Total Number of Employees	27.9	23.8
Ratio of Employees in Services to Total Number of Employees	51.0	55.2

(CKA, 2016)

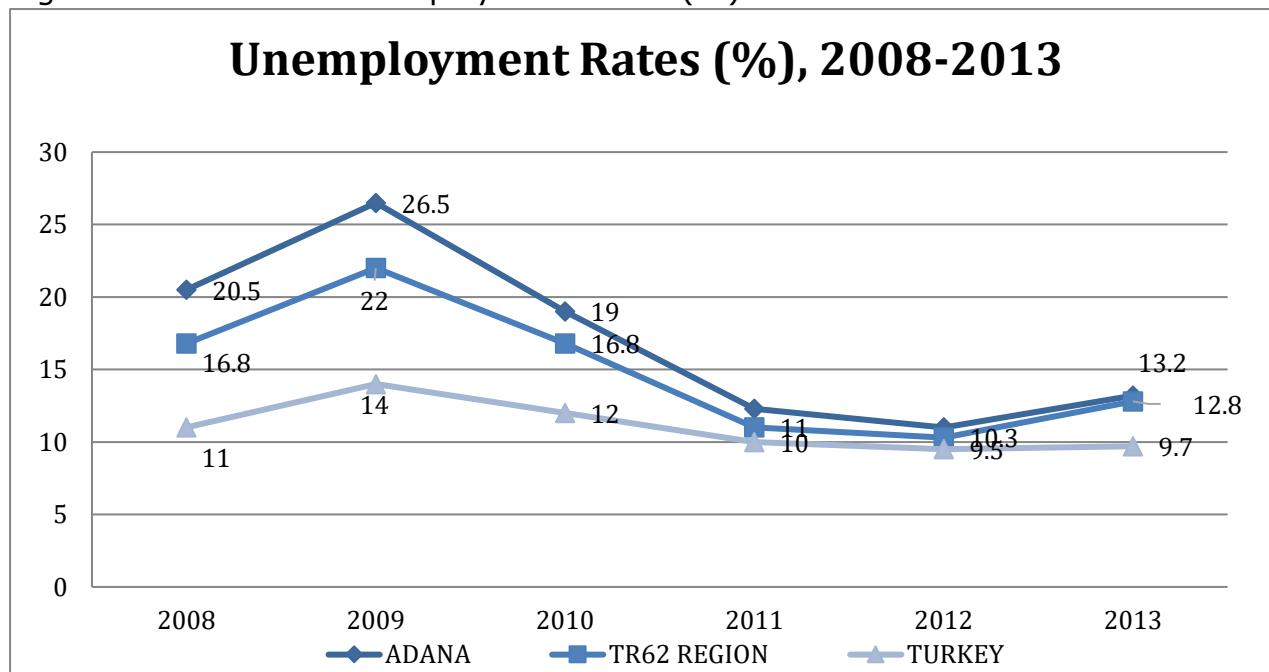
*Basic employment data were gathered by the Turkish Statistical Institute in 2013⁷.

The rate of unemployment in Adana is higher than the national and regional averages. Moreover, the labor market in Adana is more vulnerable to economic crises than that of other regions. During the 2009 global economic crisis, the increase in the unemployment rate of Adana was greater than the national and regional averages. Given the population demographics, it seems likely that youth unemployment, in particular, is a serious concern, with the number of young people actively looking for job opportunities increasing as more reach employable age and complete their studies.

⁶ Unemployment Rate is calculated by dividing the total number of unemployed people by the total number in the labor force. Employment rate, on the other hand, is determined by dividing the employed population by the institutional population above 15 years of age.

⁷ Although the most recent employment data are from 2015, analyzed on a country and regional basis, the province-based employment statistics relate to 2013.

Figure 3. 2008-2013 Unemployment Rates (%)



(CKA, 2016, p.52)

Similar to the Turkish national average, the employment rate is higher among micro-sized enterprises (57%), where most of these are family businesses. The distribution of the rates of employment, by size of employer, are shown in Table 5.

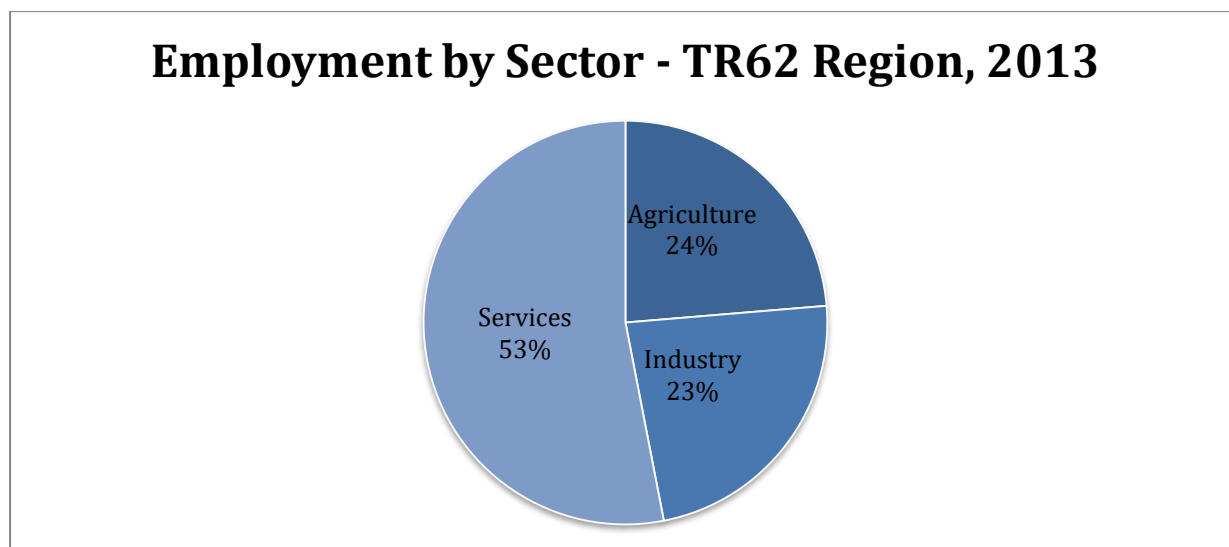
Table 5. The Distribution of Employment, by Size of Enterprise

Size	TR62 (Adana-Mersin)		Turkey	
	Persons (1,000)	Share (%)	Persons (1,000)	Share (%)
Micro (1–9)	712	57.1	14,608	56.3
Small (10–19)	56	4.5	1,329	5.1
Medium (20–49)	135	10.8	3,333	12.9
Large (50+)	289	23.2	6,124	23.6

(TURKSTAT, 2014; CKA, 2016)

Employment in the TR62 region is concentrated in the service sector, where more than half of the labor force is employed. This trend has not changed over time, where the share of agriculture and industry remains around 20%. Given that most of these are identified as family businesses, there is a risk of nepotism in the service industry, with a preference to hire family members; similarly, refugees without personal connections in Adana may face additional challenges in finding an employer in the service industry willing to hire her or him.

Figure 4. Employment, by Sector (TR62, Adana-Mersin Region)

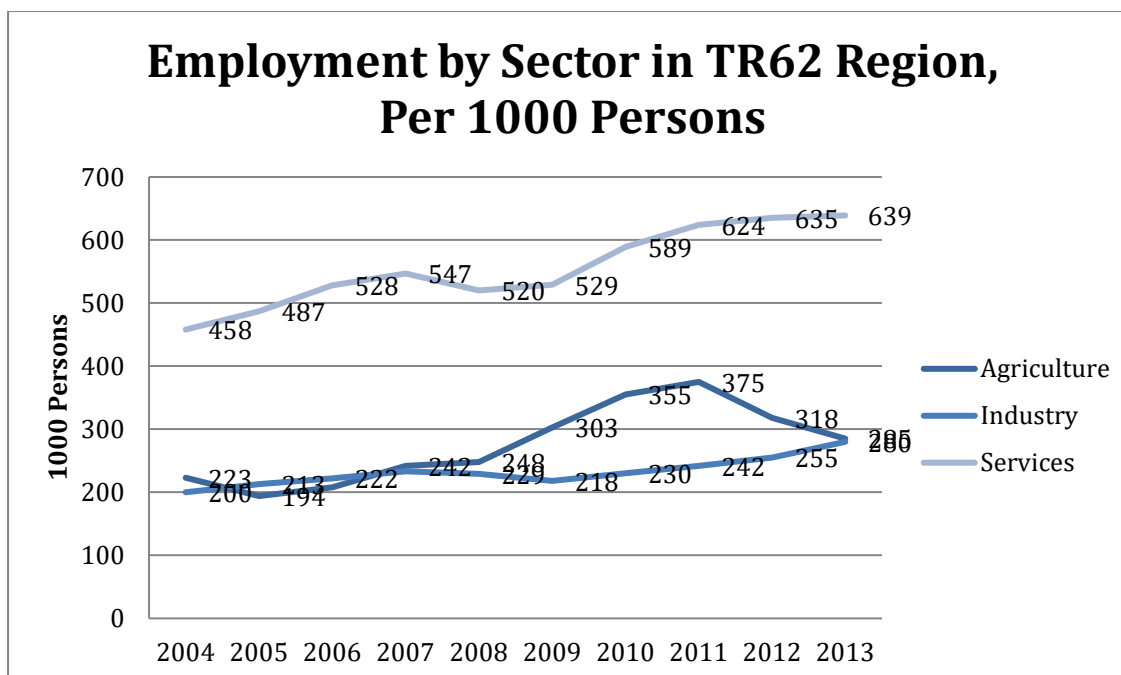


(TURKSTAT, 2013)

Table 6. Trends in the Distribution of Employment, by Sector, TR62, 2004-2013

	1,000 persons			%		
Year	Agriculture	Industry	Service	Agriculture	Industry	Service
2004	223	200	458	25.3	22.7	51.9
2005	194	213	487	21.6	23.8	54.5
2006	208	222	528	21.7	23.1	55.1
2007	242	233	547	23.7	22.8	53.5
2008	248	229	520	24.9	23.0	52.1
2009	303	218	529	28.9	20.8	50.4
2010	355	230	589	30.2	19.6	50.2
2011	375	242	624	30.2	19.5	50.3
2012	318	255	635	26.3	21.1	52.6
2013	285	280	639	23.7	23.3	53.1

Figure 5. Employment, by Sector, TR62, 2004-2013



According to Social Security Records from June 2015, the number of firms registered to the Social Security Institution in Adana was 39,037, which corresponded to a national share of 2.27%, with Adana ranked 8th nationally. Table 7 indicates the number of micro, small, medium and large enterprises, with the respective number of employees registered to the Social Security System.

Table 7. Number of Firms Registered to 4/A Social Security System

Scale	Employees	# of Firms	Total# of Employees	% of Employees
Micro Enterprise	<10	33,956	88,911	30.41
Small Enterprise	<50	38,256	177,078	60.57
Medium Enterprise	<250	38,705	240,879	82.39
Large Enterprise	>250	104	51,478	17.61

(Adana Chamber of Industry, 2015)

Table 8. Number of Employees, by Sector

INDUSTRY/SECTOR	Male	Female	TOTAL # OF EMPLOYEES
-----------------	------	--------	----------------------

Manufacturing	29,680	5,422	35,102
Wholesale and Retail Trade	21,222	6,552	27,774
Construction	15,286	1,448	16,734
Administrative and Support Services	6,707	1,987	8,695
Transportation and Logistics	6,074	711	6,784
Health	2,419	3,261	5,679
Education	2,198	2,459	4,657
Accommodation and Food Services	2,996	1,082	4,079
Professional, Scientific, and Technical Activities	1,501	732	2,234
Mining and Quarrying	1,557	92	1,649

(Turkish Labor Agency, 2015)

Table 8, above, indicates that manufacturing, trade, and construction have the largest number of employees, with an employment rate of 66.8%, (as opposed to share of employment, the greatest share being that of the services sector) (Turkish Labor Agency, 2015). On the other hand, an analysis of potential investment areas in Adana, conducted by means of a cluster analysis of sectors based on their employment rates, (described in Annex 2), has defined 44 mature sectors that have the highest potential for employment. Table 9 lists subsectors of the three sectors that have the highest potential for employment. The cluster analysis identified these as being the most mature subsectors, based on criteria such as employment and investment rate (CKA, 2016).

Table 9. Mature Clustered Subsectors, based on Employment Criteria

NACE CODE	SUBSECTORS
013	Plant Propagation
014	Animal Production
072	Mining of non-ferrous metal ores
131	Preparation and spinning of textile fibres

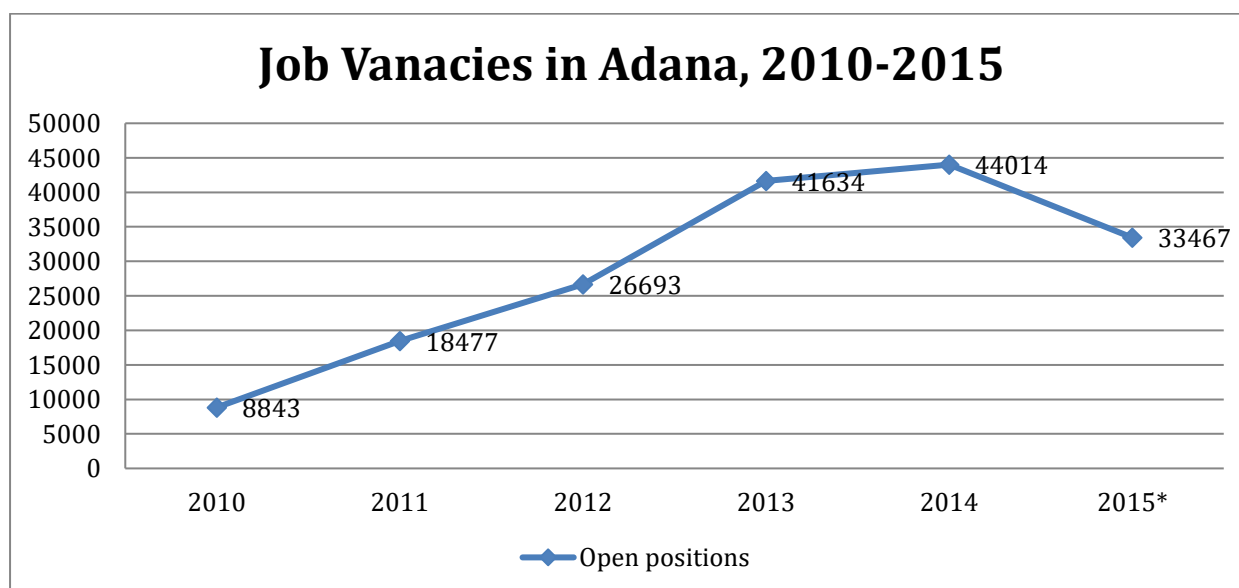
132	Weaving of textiles
206	Manufacture of man-made fibers
222	Manufacture of plastic products
236	Manufacture of articles of concrete, cement and plaster
251	Manufacture of structural metal products
291	Manufacture of motor vehicles

(CKA, 2016)

3. CHARACTERIZATION OF LABOR MARKET DEMAND - OPEN POSITIONS AND JOB PLACEMENTS

By the end of June 2015, the number of job vacancies had reached 33,467 (Figure 6). The upsurge in the recognition of İŞKUR among Adana residents has been largely due to İŞKUR's structural resurgence, and enhanced contact with employers and appropriate employees. It is anticipated that İŞKUR-promoted job vacancies will continue to increase in the near future.

Figure 6. Job Vacancies, by Year (2010-2015)



The Turkish Labor Agency reported that the number of job placements tripled between 2010 and 2014. The period of 2012–2013 saw the highest number of job placements filled in Adana. The strengthened role of İŞKUR, as well as active labor market policies that have been implemented have contributed to this improvement (*Resmi Gazete*, 2013).

Manual workers and sales representatives were mainly responsible for these increases in job placements (Table 10). The skills and educational qualifications

required for these job placements varied greatly, but the majority of the job were for (minimally) skilled labor.

Table 10. Job Placements, by Occupation

Occupation	# of Job Placements
Manual worker (general)	7,522
Sales representative	1,142
Cleaning	1,012
Security staff	437
Manual worker (Construction)	358
Manual worker (Cleaning)	341
Driver (Lorry/Truck)	321
Office worker	231
Driver (Transportation)	131
Gas metal arc welding	127
Other	3,984
Total	15,606

(İŞKUR, 2015)

Table 11. Job Placements, by Gender and Education

GENDER	Illiterate	Literate	Primary	Secondary (with high school)	2-year degree	University (4 years)	Masters	PhD
Women	164	78	1,085	1,173	433	510	11	0
Men	406	336	4,665	2,940	601	500	5	0

Table 12. Job Placements: Position, by Education

Position	EDUCATION
----------	-----------

	Primary or less	Secondary High School	Vocational, Undergraduate and higher
Civil Servant	2.4	8.5	27.9
Worker	51.8	61.5	49.2
Office worker	1.2	4.5	11.5
Artisan	31.8	15	4.9
Employer	3.5	2	1.6
Seasonal worker	1.2	,5	0
Professional self-employed	3.5	3	1.6
Unskilled	3.5	3.5	0
Farmer	1.2	1	1.6

Figure 7. Distribution of Adana Labor Force (%)

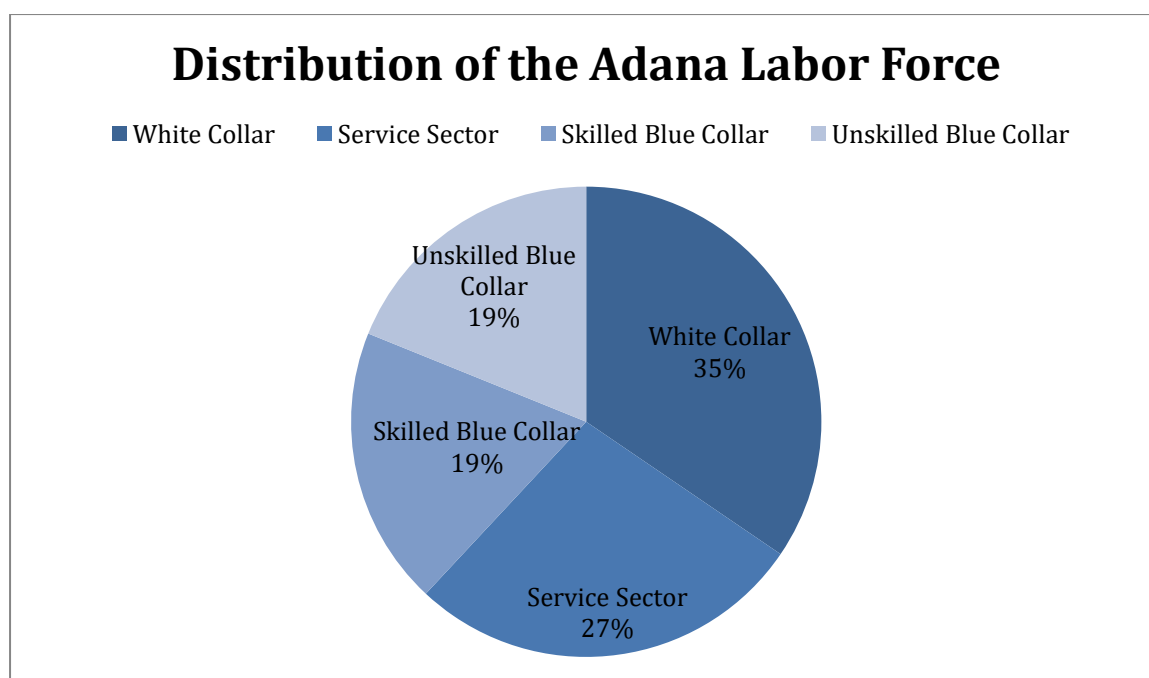


Figure 7, above, shows the distribution of people in formal employment, based on their skills levels. According to the survey findings, 35% of employees were

working in skilled, office positions. Almost one third of these employees were employed in the service sector. The total percentage of manual laborers was 38%, with skilled and unskilled laborers equally distributed.

Figure 8. Average Duration of Employment (Years)

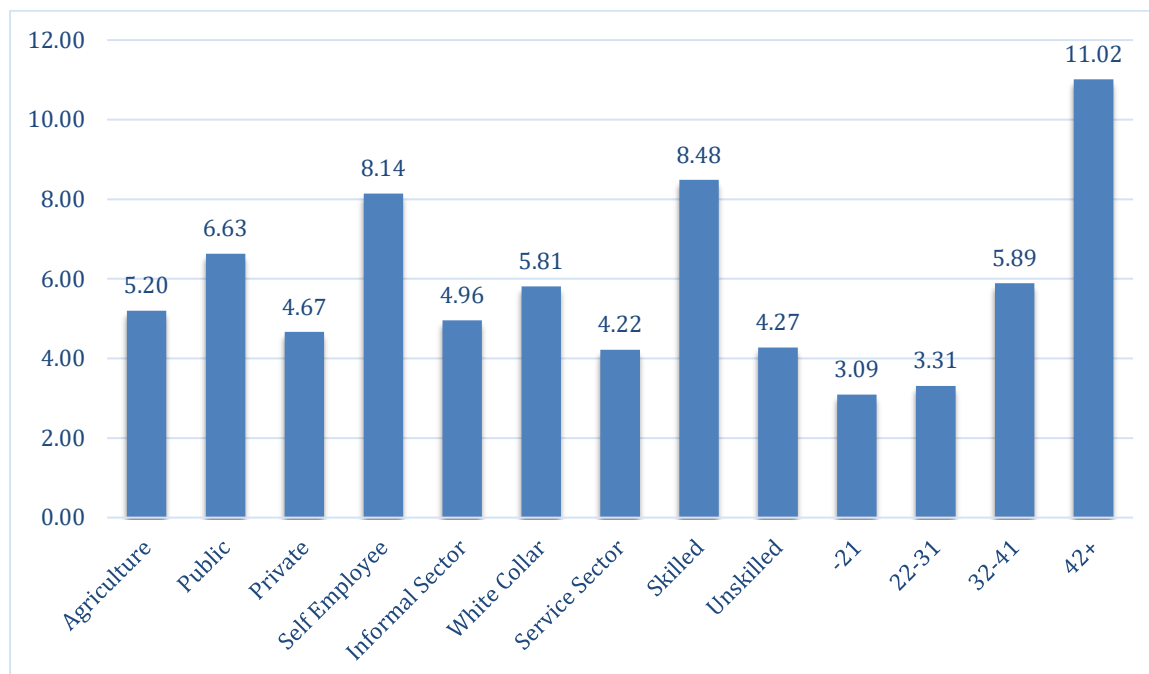


Figure 8 shows the average duration of employment in the current job, for different population segments. Employment duration in the private sector (4.12 years) is half that of the self-employed (8.14 years), and about two-thirds that of employees who work in the public sector (6.63 years). This may imply increased mobility in the private sector and among skilled office workers, due to either emigration after a period of time in a firm, or increased competition among firms for employees, enabling them to move around to advance their career.

Figure 8 also shows that skilled workers have the highest employment duration, with an average of 8.5 years, which is almost double the average of unskilled workers and service sector employees.

Another noticeable finding from this figure is the disparity between age cohorts. An employee older than 42 years old has an average duration of employment of about 11 years. The average for employees older than 42 years old is twice that of employees aged 32–41 years old, and even greater than that of younger generations. This difference, which is likely to be similar to international trends, demonstrates the decline in job security over years, youth mobility within the formal employment market, and reduced loyalty to employers among young people.

Wages

TURKSTAT data for 2015, presented in Table 13, shows monthly household income for public and private sector employees. Although the amounts are only calculated at a regional level, they are informative about average income in the public and private sectors, and suggest a disparity.

Table 13. Average Income, by Sector (TRY)

	Average	Private	Public	Other (e.g. NGOs, political parties, international institutions, embassies)
TR62	1,258	940	2,618	833

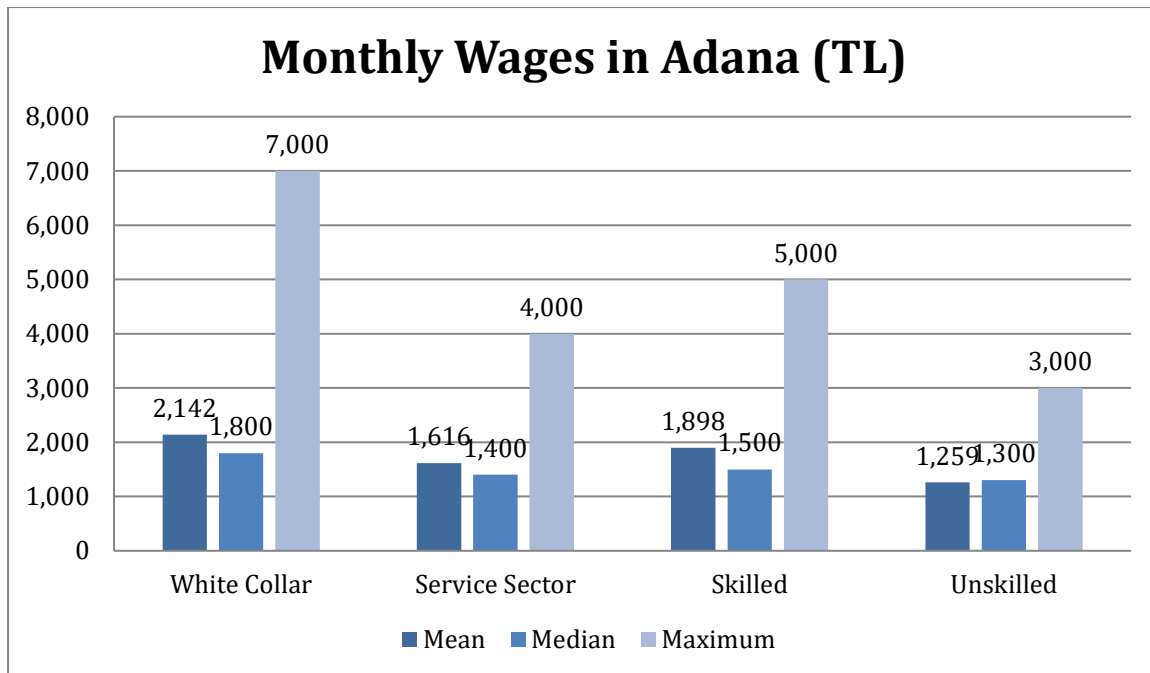
(TURKSTAT, 2015)

The KIIs verified that there are significant differences between the wages of workers, depending on their skills. Among *unskilled workers*, the average minimum wage is 1,400 TL per month. Respondents also noted that Syrian refugees, in particular, are accustomed to receiving less than half of the legal minimum wage for Turks. The KIIs also specified that, for semi-skilled workers, (including people working in clerical jobs and sales), the average minimum wage is 2,500 TL per month. Skilled workers and managers, on the other hand, earn approximately between 2,500 TL and 4,000 TL per month.

However, the FGDs showed that even unskilled unemployed workers had a wage expectation of about 2,000 TL, and respondents believed that unskilled unemployed workers deserved higher than the legal minimum wage.

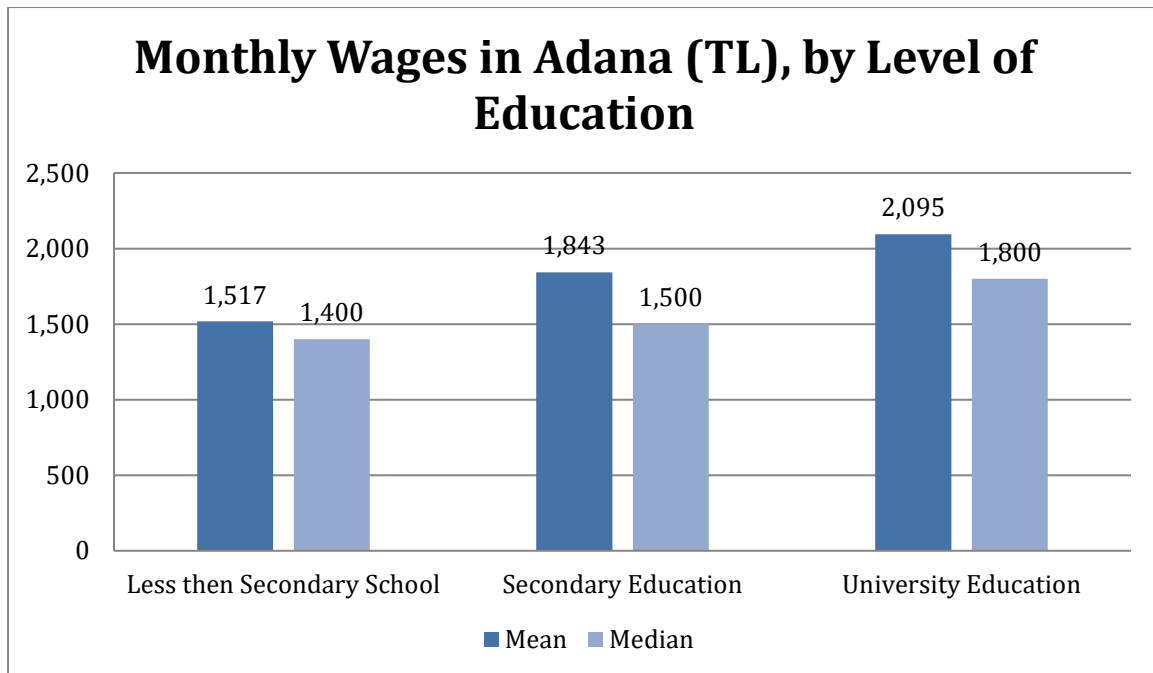
For agricultural workers, the monthly wage was defined as 990 TL per month, assuming 22 working days, for women and men, (noting that income for agricultural workers is seasonal).

Figure 9. Wages in Adana (TL per Month)



The household survey findings presented a more varied picture to that shown by national official statistics and the qualitative research findings. The average monthly wage of a skilled worker is about 2,142 TL, slightly higher than the average in other categories. The average wage of an employee in the service sector is 1,616 TL, whereas a skilled worker earns about 1,900 TL. The lowest wages are, predictably, among unskilled workers, at an average of 1,259 TL.

Figure 10. Wages in Adana, by Level of Education (TL per Month)



Quantitative research findings further demonstrated that the effect of level of education on wage level may be limited. The wage at the lowest level of education is about 1,517 TL, (slightly higher than the average wage for unskilled workers), whereas this average increases to 1,843 TL among respondents with secondary education. Completing tertiary education only contributes an additional 210 TL of income, on average. As noted by the KIIs, it is estimated that, often, Syrian refugees only earn 700 TL per month for unskilled labor, regardless of their education level, which is between 55% and 67% less than the host community.

Figure 11. Wages in Adana, by Sector (TL per Month)

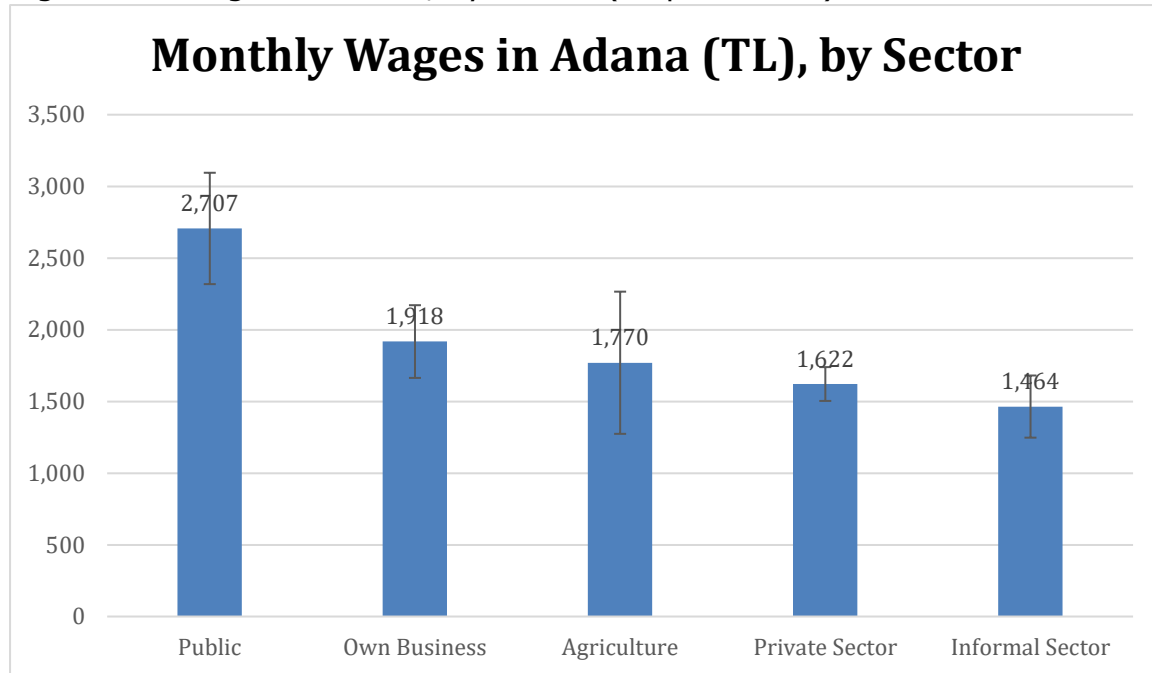


Figure 11 shows that public sector employees have the highest average wage, at about 2,700 TL per month. The average income of someone who is self-employed is 1,918 TL per month, which is very similar to the average wage of agricultural and private sector employees. The difference between the average wage of the public sector and the informal sector is about 1,300 TL, which explains the high demand for a job in the public sector, in addition to increased job security.

Cross analyses conducted demonstrated that, in the public sector, skilled, office employees earn significantly more than people in other categories, (the average is 3,000 TL). Additionally, in the private sector, the wage gap between skilled, office employees (1,823 TL) and skilled labor (1,833) is statistically insignificant, although the average wage of an unskilled worker is about 1,262 TL. Among private sector employees, there is a wage gap between younger and older workers. The average monthly wage in the youngest age bracket (less than 21 years) is 1,130 TL, compared with 1,812 TL for the oldest age cohort.

Skills Desired by Employers (Gaps)

The qualitative research findings have shown that there is a need for a skilled labor force in Adana. First, employers of large and medium-sized companies underlined the fact that the skilled labor force does not prefer to work in Adana. New generations studying in larger cities prefer to stay there, and graduates of Adana universities are looking for jobs in other cities. This emigration of the skilled labor force creates a shortage in skills, and is one of the leading reasons for unemployment in Adana. Interviewees regularly underlined the fact that they had to provide extra benefits, to retain potential employees and to increase the attractiveness of employment in Adana.

According to the qualitative research findings, major skills needed by employers were as follows:

- Experienced office workers and manual laborers: The participants underlined the importance of experience in both office-based jobs and manual labor, and they argued that it was almost impossible to find experienced or skilled workers.
- University graduates: As a result of emigration, (discussed above), employers could not easily find university graduates to employ in clerical or administrative jobs.
- Engineers: Many manufacturing companies were looking to employ engineers, with the availability of more skilled jobs in construction companies increasing.
- Technical personnel (manual laborers): As a result of the emergence of manufacturing companies in Adana, there was a need for technical personnel to be employed in jobs such as staining, lathe operation, and mechanics. The graduates of the vocational training centers in Adana possessed this theoretical expertise, but lacked practical experience.
- Salespersons: Although sales businesses seemed to be reserved for unskilled or minimally skilled workers, employers stated that there was a need for skilled salespeople trained in sales and marketing techniques, communication, and other skills. In particular, having a good presence and diction were agreed, by respondents, to be important skills. According to employers, there were a few skilled salespeople in Adana, and qualified employees were being transferred to other companies, outside Adana.
- Social media and web specialists: According to the participants, companies were failing to find computer experts, especially with social media expertise or being capable of web design. Respondents stated that these jobs were very popular among young people, but that the majority of them were still not skilled enough to satisfy the needs of large and medium-sized companies.

Employers contributing to the qualitative research identified the following skills as being the most critical for a person being employable in Adana:

- Computer literacy
- Communication skills
- Sales and marketing skills
- Foreign languages, especially English
- Technical expertise, such as electricity, air-conditioner installation, lathe operation, welding and painting
- Textiles-related skills
- Driving
- Cooking

These skills generally correspond to the largest employment sectors identified through the desk review and the quantitative survey, namely manufacturing, sales, trade, and construction).

Skills Currently Possessed by Employees

According to participants in the qualitative research, the most important skills to possess for employment in Adana were having a good personality, having a good appearance and having good diction. The majority of the participants felt that they already had these skills.

On the other hand, there were some hard skills that the respondents identified as being advantageous for employment, and a small number of them possessed these skills:

- Ability to use an electric tool
- Ability to use a mechanical tool
- Knowledge of job-specific computer programs, e.g. Photoshop or Illustrators for web-design, 3DMax for interior design and construction, LOGO or ERP for accounting
- Speaking English, French or German
- Knowledge of computer-based design or computer programming skills.

When respondents were asked how they possessed these skills, they made four key observations: 1) language and basic computer skills were gained in high school or university, 2) the ability to use electronic or mechanical tools (for largely manual labor) were acquired “on-the-job”, 3) charisma, a good physical appearance, diction, and communication skills were not obtained through training, and 4) that, more broadly, vocational training centers were not well suited for providing these skills or for contributing to respondents’ professional development.

Challenging Jobs / Positions for Recruitment

According to 2015 national official statistics, 21% of firms in Adana had difficulties recruiting the necessary candidates for open positions (İŞKUR, 2016). The sector that faced the biggest challenge with filling vacancies was Human Health and Social Work, followed by Manufacture and Accommodation and Food Services. The greater the number of firms, the more difficult it may be for employers to recruit qualified candidates, due to increased competition for human resources, which places an additional burden on the manufacturing sector, which is expanding, in Adana.

Private Sector Employment Trends

Agriculture

Within the TR62 (Adana-Mersin) region, agriculture remains the dominant sector in terms of employment and source of income. Some 38% of the province is arable, which accounts for 2.3% of the arable land of Turkey. Agriculture provides 9% of gross value added at the national level, so the 14.7% contribution of the TR62 region is above average, although Adana’s share of agricultural economic contribution is beginning to decrease.

Adana provides particular opportunities for stock farming, as 46% of its land is watered, (compared to 24% nationally). Adana provides 3.91% of total national crop production, and 73% of national agricultural production value. In terms of monetary value, vegetables, fruit, olives, and viticulture are the main economic contributors in Adana.

Another important aspect of the agricultural production of Adana is greenhouse cultivation. After Antalya and Mersin, Adana is the third-largest producer of greenhouse-cultivated vegetables and fruits, as a result of its fertile lands and convenient climate. However, compared to the 32% increase in greenhouse cultivation in Turkey, production in Adana is beginning to decline.

Organic farming and aquaculture are considered to have the greatest potential for future investment within the agriculture sector in Adana. Since food production is one of the most competitive sectors, according to the OECD Project for Improvement of Regional Competitiveness (CKA, 2016), organic farming and aquaculture should be considered as target areas for investment and employment.

Indicators of agricultural sector performance, for Adana province and Turkey, are described in Table 14:

Table 14. Selected Agriculture Sector Indicators

	Turkey	Adana
Share of cultivated lands of total surface (%)	30.3	38.4
Value of Agricultural Production share in Turkey (%)	-	2.4
Value of Agricultural Production per capita (TRY)	2,636	2,314
Value of Crop Production per capita (TRY)	1,261	1,692
Value of Animal Production per capita (TRY)	805	413
Share of Agriculture in Gross Value Added (at current prices) (%)	9.0	14.7
Gross Value Added per capita for Agriculture (TRY)	1,386.9	1,775.5

(CKA, 2016)

The importance of agriculture for Adana is also clear in its contribution to employment. The proportion of the labor force in agriculture, as a percentage of the total labor force, in Adana, is 21.1%, which is equal to the national average, (which does not include seasonal farming). This amounts to 263,000 people formally working in the agricultural sector in Adana. A total of 7,520 workplaces employ 151,557 people, in Adana. Despite the current large numbers of

employed individuals in agriculture, **skilled agriculture, forestry and aquaculture professionals** are the most in demand within the labor market, with various open positions, while only 0.7% of unemployed residents are skilled workers in these sectors (İŞKUR, 2015). Similar to Turkey as a whole, the agricultural sector in Adana hosts the largest number of informal (unregistered) workers. These figures are listed in Table 15.

Table 15. Informal Employment Indicators in Agriculture

1,000 employees	TR62 Region (Adana – Mersin)			Turkey		
Agriculture	Formal	Informal	Total	Formal	Informal	Total
	44	219	263	970	4,500	5,470
	Share (%)					
	16.7	83.3	100	17.7	82.3	100

(TURKSTAT, 2014)

The role of women in the agricultural sector in Adana remains traditionally non-formal. A 2015 İŞKUR report stated that women generally worked as family workers who had no payment in the agriculture sector. This meant that women were unregistered, and invisible to analyses related to the labor market in the agriculture sector, although their economic role should by no means be understated.

Industry

Adana is among the 12 provinces of Turkey where the industrial sector is more mature than the rest of the country. There are 1,832 registered industrial enterprises in Adana, which represents 25% of the enterprises in the Mediterranean Region, (ranking Adana in first place in the region, according to an industrial assessment) (BSTB, 2014).

Adana has strong potential to enable the growth of the industrial sector to improve provincial socio-economic development (CKA, 2016). Various economic investment reports on Adana have stated that resources, industrial infrastructure, potential labor force, and diverse means of transportation are critical factors that can positively influence the development of the industrial sector (CKA, 2016; CKA, 2006; Tüm, 2007; BTSB, 2014).

Table 16. Selected Indicators of Industry

	Turkey	Adana
Share of Industry in Gross Value Added (%)	27.5	21.0
Industrial Gross Value Added per capita (TRY)	4,262	2,549

Share of Manufacturing Industry Enterprises of Total Enterprises (%)	12.9	11.6
Number of Employees in Registered Enterprises	2,663,764	45,987
Share of Employment in Industry Sector of Total Employment (%)	27.0	20.9
Number of Enterprises with Research-Development Departments.	47	N/A
Percentage of Employees working in Research-Development Departments. (%)	1	N/A

The labor force in the industry sector is mainly comprised of employees working in **textiles (17%)** and **food products (16%)**. The most common businesses in the industrial sector in Adana are **food products (20%)**, **plastics (9%)** and **metal production (8%)**. Although textile businesses have the largest share of formal employment, it is ranked fourth in terms of the number of businesses and share of the industrial sector. The majority of these businesses are small-sized enterprises (over 90%).

There are two organized industrial zones, with an occupancy rate of 69%, in Adana; these employ 30,730 people. Outside of these two large industrial zones, the occupancy rate of other industrial sites in Adana is 97%.

The labor force in the industrial sector is mostly comprised of workmen (70%), while only 4% are engineers. Of 45,987 employees, almost 77% of industrial employees work in manufacturing. Employment rates in manufacturing industry, and indicators of other subsectors, for the Adana region and Turkey, are shown in Table 17.

Table 17. Employment in Manufacturing Industry

	Number of Enterprises	Total Employment
Turkey	369,492	3,384,702
TR62 (Adana-Mersin)*	15,450	101,563
TR62/TR share (%)	4.2	3.0
Rank in Level 2	5	10

(TURKSTAT, 2015; CKA, 2016)

* Employment rates for the sector have been calculated at the regional level

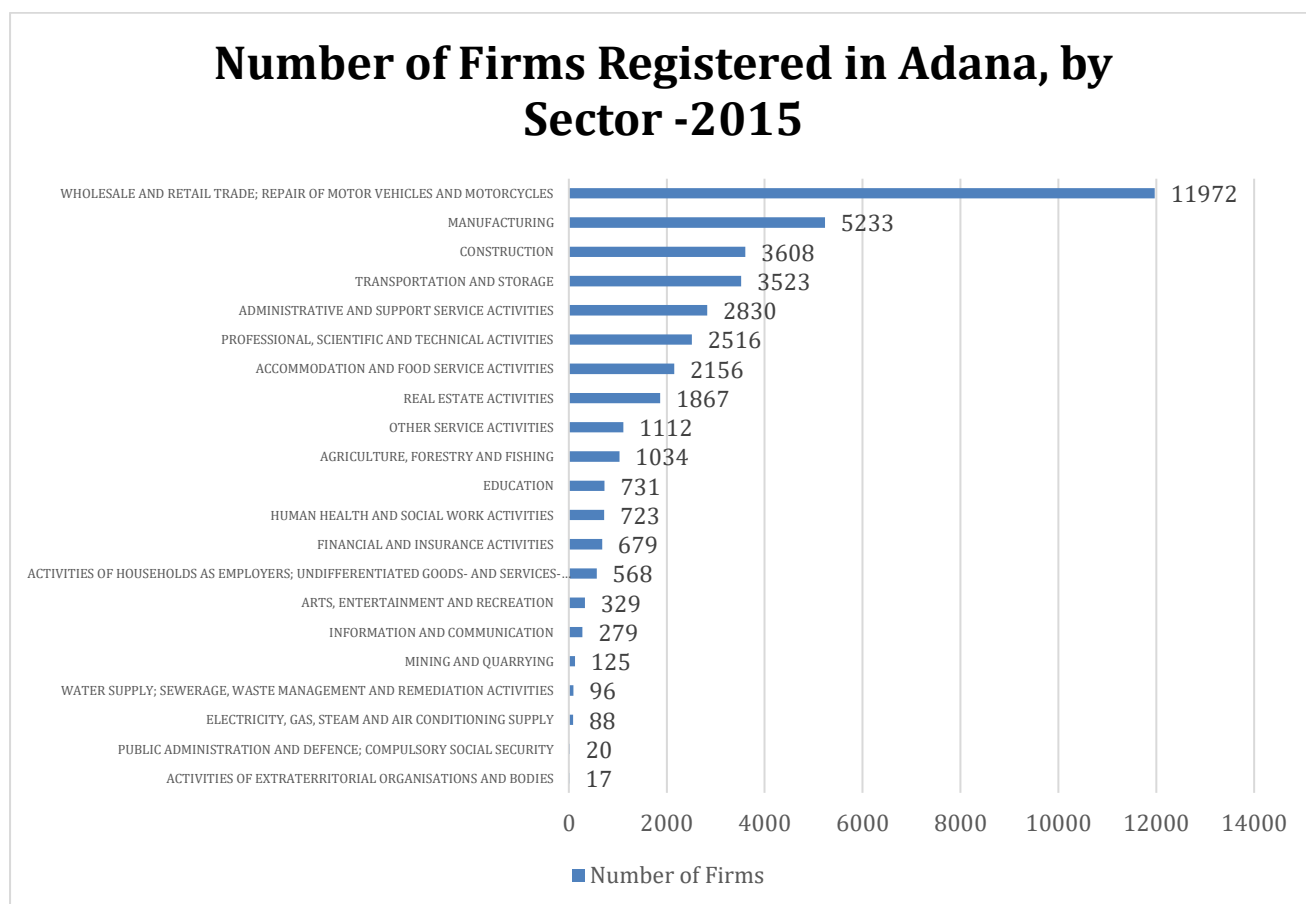
Table 18. Employment, by Subsector of the Manufacturing Industry

Criteria/Sector	Number of Enterprises	Total Employment
10-Food Production	2,431	17,094
14-Garment	2,399	14,317
25-Metal Production	2,878	12,022
13-Textile	626	10,809
22-Rubber and Plastic	874	7,649

(CKA, 2016; TURKSTAT, 2015)

The most recent available statistics provided by the Social Security Institution give some idea about the structure of employment in Turkey. Data collected by this institution only cover those who are insured, and largely excludes the informal sector, (which includes the majority of those engaged in agricultural labor).

Figure 12. Number of Firms in Adana, by Sector (Registered*, 2015)

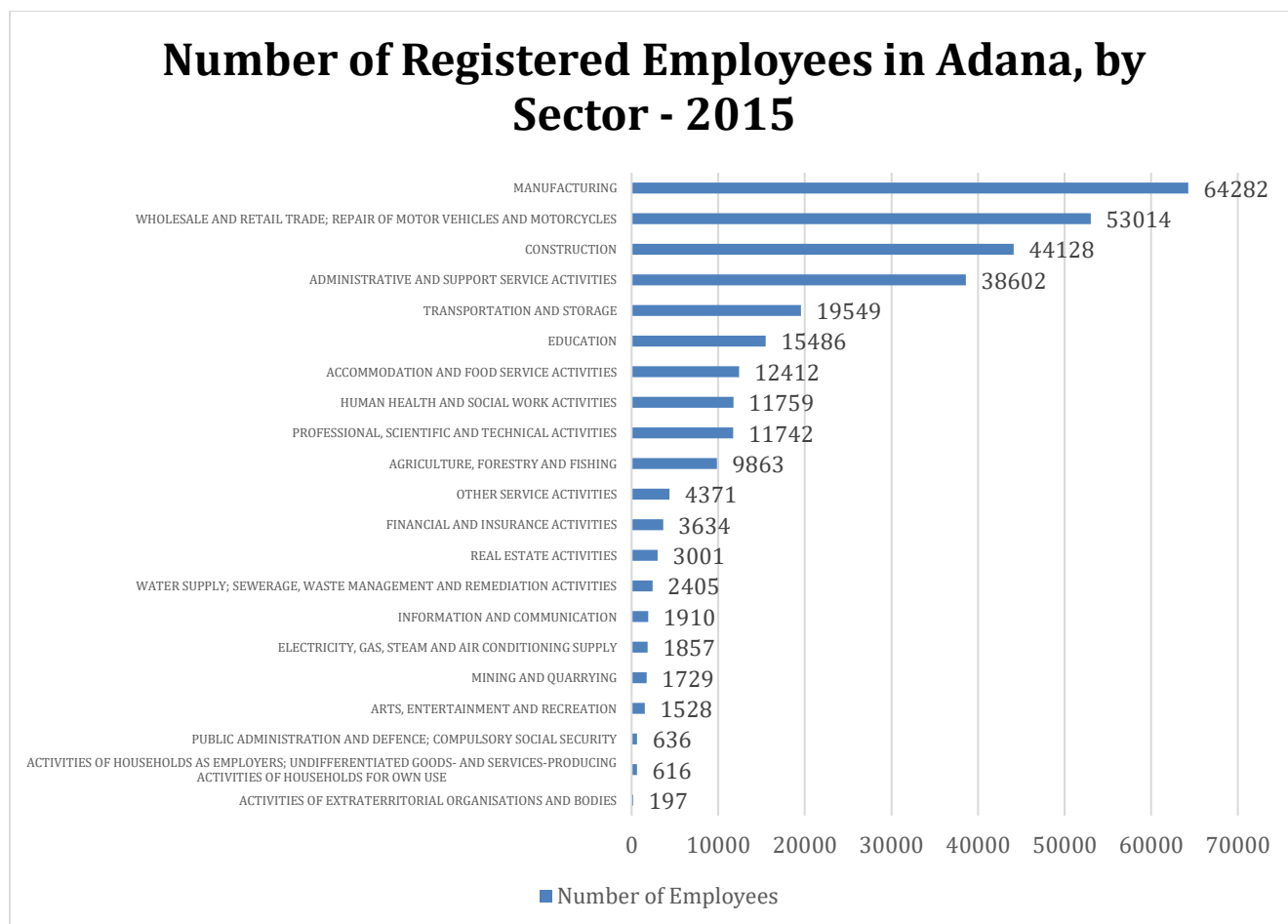


(CKA, 2016)

* The Statistical Yearbook, 2015; the Social Security Institution

According to the Social Security Institution database, the total number of registered firms across all sectors is about 40,000. A quarter of all registered firms operate in the wholesale sector of the retail trade. The manufacturing sector is ranked second, with 5,233 firms. The Construction (3,608) and transportation and storage (3,523) are other leading sectors, with a number of firms, of various sizes.

Figure 13. Number of Employees Working in Adana (Registered, 2015)

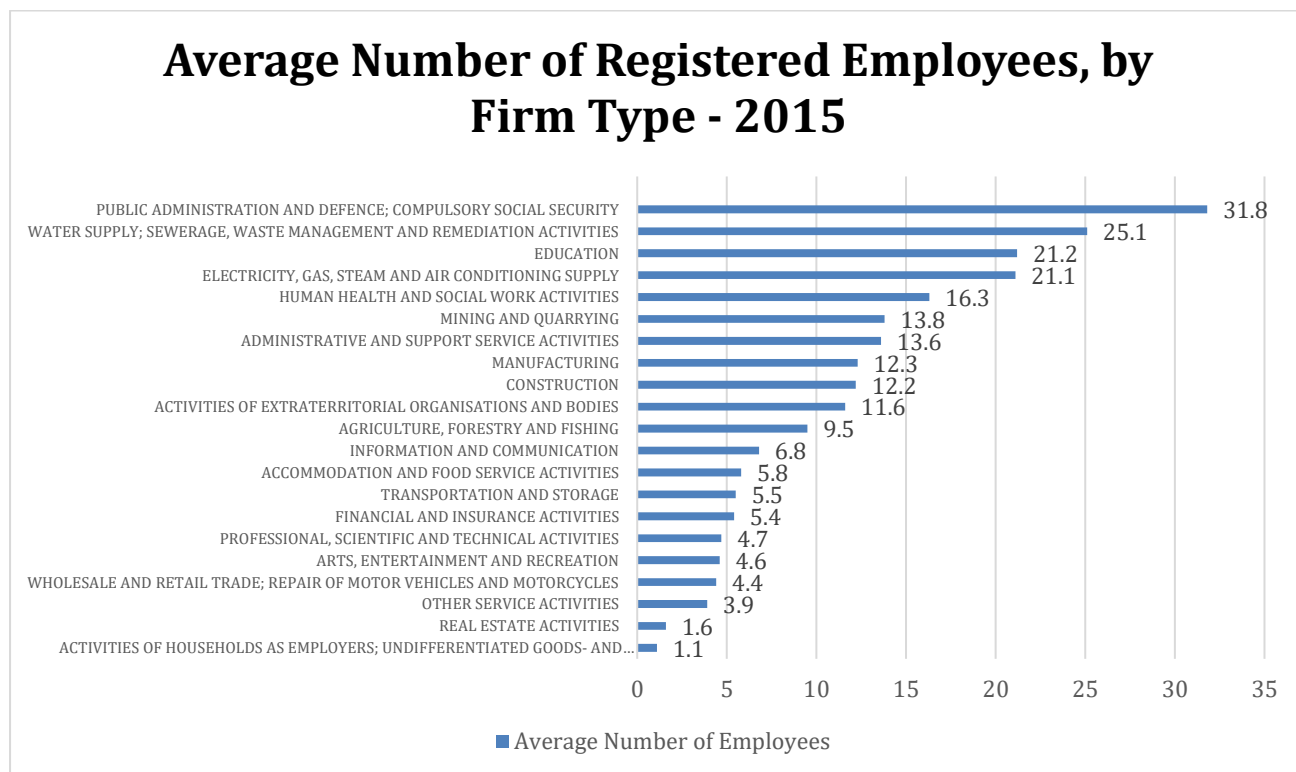


* The Statistical Yearbook, 2015; the Social Security Institution

The Social Security Institution database further indicates that more than 300,000 employees in Adana are registered to the national social security system. One fifth of these individuals are employed in the manufacturing sector, whereas about 53,000 employees are working in the wholesale retail trade sector. The construction sector, as well as administrative and support services, formally employs about 40,000 people in Adana. Other leading sectors are

transportation and storage (19,549 employees) and education (15,486 employees).

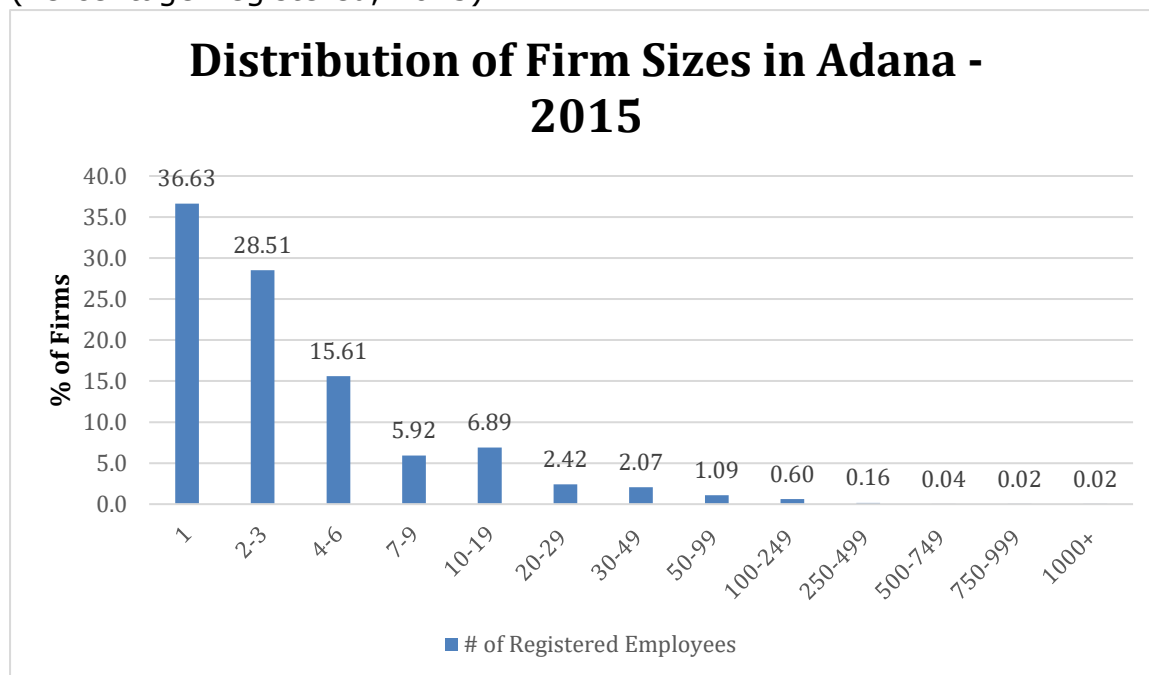
Figure 14. Average Number of Employees Working in Adana (Registered, 2015)



* The Statistical Yearbook, 2015; the Social Security Institution

Social Security Institution figures state that the average number of registered employees per firm is 7.7, in Adana. However, there is significant variation across sectors. In the public administration and defense sector, 20 firms employ more than 600 employees, with an average of 31 employees per firm. The water supply and sewerage sector has an average number of 25 employees, in 96 firms. The average number of employees per firm in the manufacturing sector (the largest sector) is 12. The wholesale and retail trade, comprising 31% of all firms, employs an average of 4 people per firm. Figure 15 provides more information on the distribution of firm size (number of employees), by the number of firms, in Adana.

Figure 15. Number of Insured Employees, in Adana, by Work Place Size (Percentage Registered, 2015)



* The Statistical Yearbook, 2015; the Social Security Institution

The above figure shows that more than one third of firms operating in Adana only employ one person, (implying that, actually, one third of firms may have the majority or their employees either unregistered or informal). Of the firms that employ 1–9 persons, 86.7% are micro-enterprises. According to these statistics, only 1% of firms employ more than 100 employees in Adana.

Emerging Sectors and Industries in Adana

Findings from the Cluster Analysis

In order to identify the emerging sectors and industries in Adana, (which indicate the potential labor force), a cluster analysis was conducted by Cukurova Development Agency for the TR62 Region and Adana. More details on the approach to this cluster analysis can be found in Annex 2. Based on the two criteria below, the cluster analysis found the following sectors to be emerging, or “rising”:

Increased proliferation of companies: metal ware, furniture, food, and garments sectors

Increased employment opportunities: food, garments, metal ware, textiles, and rubber and plastic

Within agriculture, aquaculture was considered to be a rising sector in terms of the increase in its share of national production; (between 2005 and 2014, the share of fishing’s contribution to national GDP rose from 0.4% to 0.9%).

The sector-specific analyses below demonstrate how the various sectors may, or may not, be “rising”, and in which capacities.

Tourism

Participants in the current research underlined the importance of Adana as a conjunction point of different roads, pipelines and sea routes; they argued that the potential for hotels and similar investments was significant.

A further supporting argument for the potential for tourism is the location of Adana as the neighbor to Antalya and Mersin, two important attractions for international tourism. Participants believed that, if the government could provide incentives for tourism investment, Adana could compete with these two cities.

Health (and Medical Tourism)

The health sector was also regarded as an important area of opportunity for the development of Adana’s economy. Participants said that the number of hospitals had increased significantly, in recent years, and that Adana had become attractive for “medical tourism” within the region. It is known that the Turkish health sector has a significant price competitiveness vis-à-vis its European counterparts, making the country attractive for many institutions and individuals. Since Adana has a powerful and well-developed health ecosystem, composed of academic institutions and many private and public health institutions, and skilled medical human capital, participants believed that the health sector and medical tourism would be key in the coming years.

Energy Sector

The location of Adana as the hub of many pipelines, and the importance of the Ceyhan seaport, were considered to be two major advantages of the energy sector in Adana, over other provinces. In addition to these pipelines, significant investments by large companies engaged in energy production had signaled an increasing regional importance.

Agriculture-Related Industries

Participants of the focus group discussions, and KIIs, were aware of the large role of the agricultural sector in the economic life of the region, with Adana being one of the most important economic contributors to agricultural productivity in the country. Participants believed that many investors would continue to be attracted to Adana’s agricultural sector, and maintain its essential position in the national economy.

Construction

The growing population and increased immigration from other cities to Adana were two factors accepted as being key drivers of the growing construction sector, due to increased housing demand. Increased demand for housing makes the construction sector very attractive for investors. The renovation of the old city center, and the transformation of old manufacturing areas into residential ones, has opened an avenue for higher rates of profit.

FGD participants perceived the construction sector and its subsectors as being the most important sectors in the near future.

Information and Communication Technologies (ICT)

Participants also believed that Adana will be attractive to the ICT sector. Adana is already the host for regional headquarters of many ICT companies, and participants believed that these companies would continue to invest in the city, with these investments attracting other ICT companies.

Textiles

Although the textile industry has lost its dominant position in the provincial economy, the qualitative research participants believed that this sector still had a significant competitive advantage. They believed that, if the government were to change its incentives scheme, and gives the same incentives to Adana as other provinces, then there would be strong potential for investment for the textile industry. Port access and growth in tourism can further increase the potential for the export of textiles manufactured in Adana.

Unemployment

Figure 16. Working Status of Adana Residents

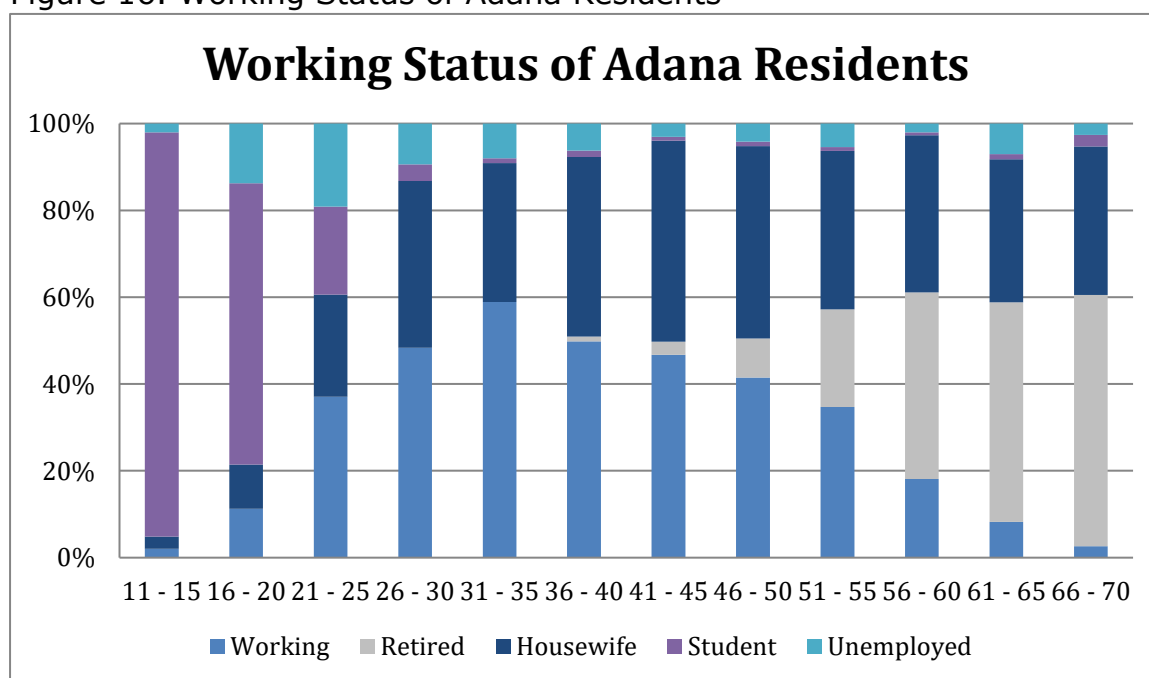
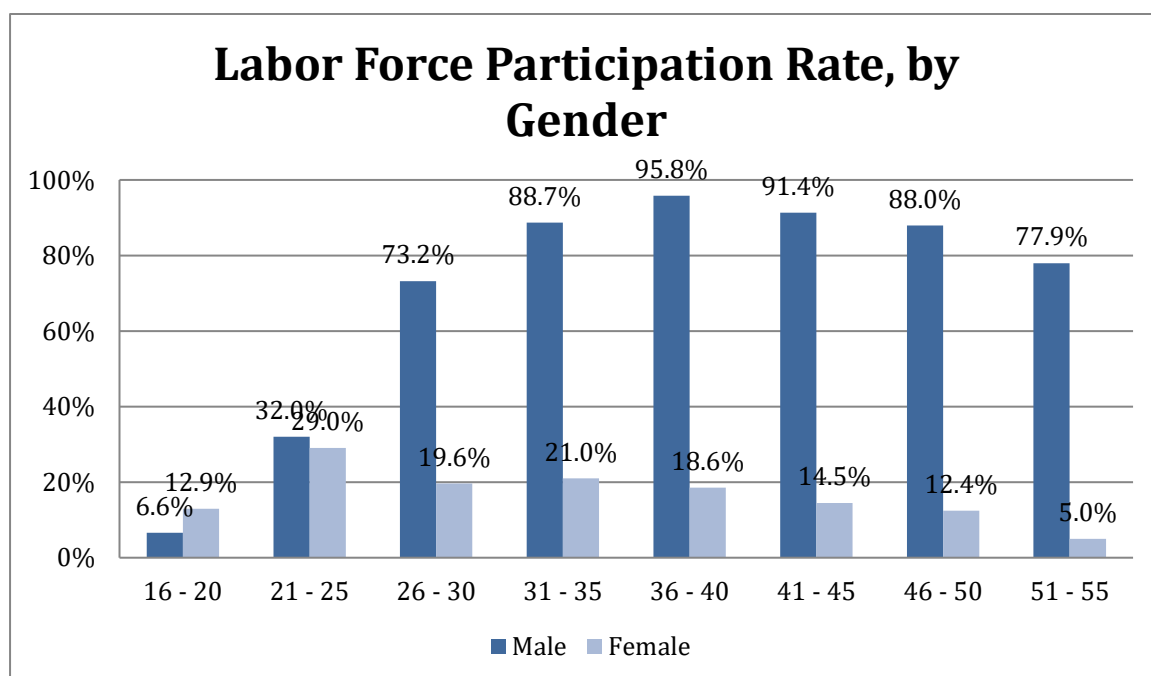


Figure 16 presents the employment status of people living in Adana, based on the quantitative survey findings. According to this figure, working status was highly dependent on the age and gender of the respondents. Younger cohorts (11-15 and 16-20 age groups) generally continued their education, while 10.4% of those in the 16-20 age bracket were working; the unemployment rate in this age cohort was 12.6%. The percentage of those employed increased through subsequent age brackets: 35% in the 21-25 age bracket, 47% for 26-30, and 56% for 31-35, before the rate began to decline among respondents aged 35 and older.

Unemployment is more difficult to interpret. The official definition includes individuals who are looking for a job, and so excludes students, retirees, and housewives. Newly calculated unemployment rates are presented in Figure 17, disaggregated by gender.

Figure 17. Labor Force Participation Rates



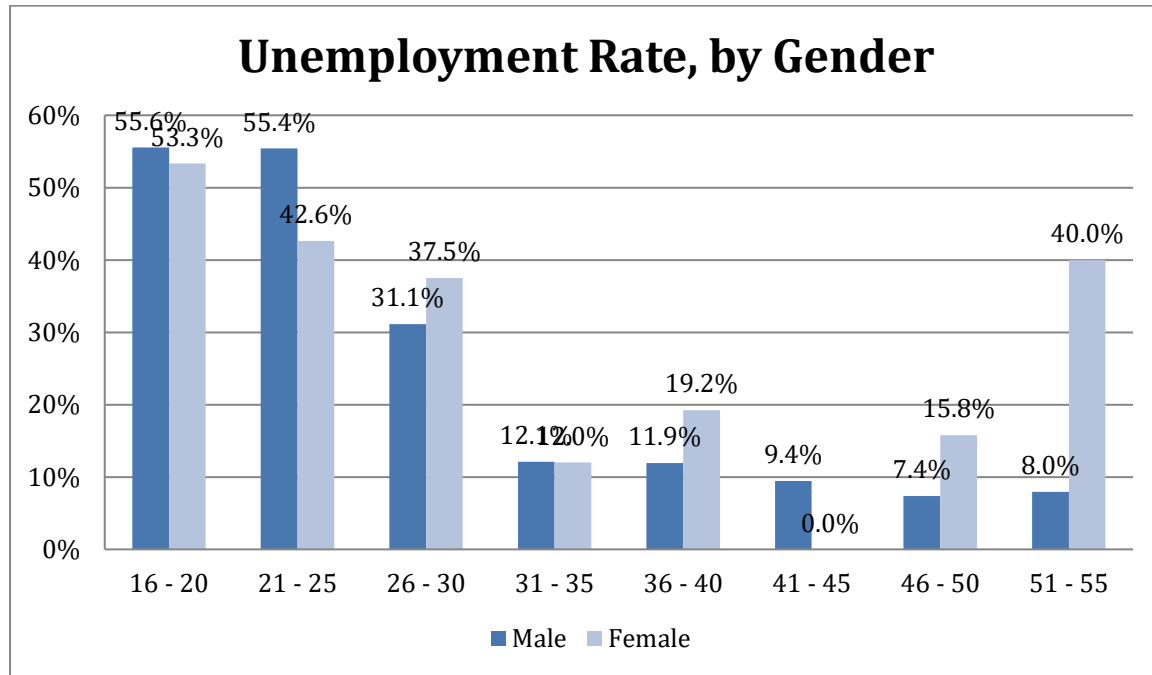
The above figure, also based on the quantitative survey findings, shows a clear gender gap. With the overall labor force participation rate being 40%, the rate was 61% among the male respondents, and, according to our data, only 15% for female respondents. These figures are slightly different to the official statistics, since, according to the most recent available figure, the labor force participation rate in Adana was 51%, but the official statistics accept unpaid household workers as being “employed”, even though this occupation does not bring any material benefit. In our survey, we defined “employed” in terms of receiving payment.

According to Figure 17, the labor force participation rate of men reached 96%, in the 36-40 age group, and then declined with increasing age. The critical threshold for determining whether or not to participate in the labor force seemed

to be at 25 years old, most probably as a result of finishing school and being faced with having limited skills with which to fulfill the jobs most in demand in Adana. Despite labor force participation among women having peaked, opportunities were still limited, with a highest cohort percentage of 29%. In the older cohorts, for women, the labor force participation rate was lower than 20%.

These findings demonstrate that the labor market in Adana was dominated by men, particularly in the older cohorts.

Figure 18. Unemployment Rates



Using the more inclusive definition of unemployment, unemployment figures are significantly high. Approximately half of the people in the younger age groups were unemployed, with no significant difference between males and females. Among young males, there was a 55% unemployment rate in the 21-25 age group, and a rate of 31% for those aged 26-30. Female unemployment was 43% in the 21-25 age bracket, declining to 38% for 26-30 year-olds. These figures demonstrate that there was an important youth unemployment problem in Adana.

Based on the most recent İŞKUR data, there are 99,707 registered unemployed individuals in the Adana region. Perhaps unsurprisingly, unemployment is highest among unskilled individuals, (and Syrian refugees have been underestimated in official statistics). Following unskilled individuals, unemployment is highest among skilled people such as sales representatives, office workers, and drivers. The distribution of the registered unemployed labor force, by occupation, is given in Table 21.

Table 19. Distribution of Unemployed People, by Gender and Age

AGE	15-19	20-24	25-29	30-34	35-39	40-44	45-64	65+
Women	1,642	8,230	7,355	5,142	5,055	4,061	4,494	40
Men	1,510	8,930	8,611	5,995	5,327	3,946	6,606	123

(TURKSTAT, 2016)

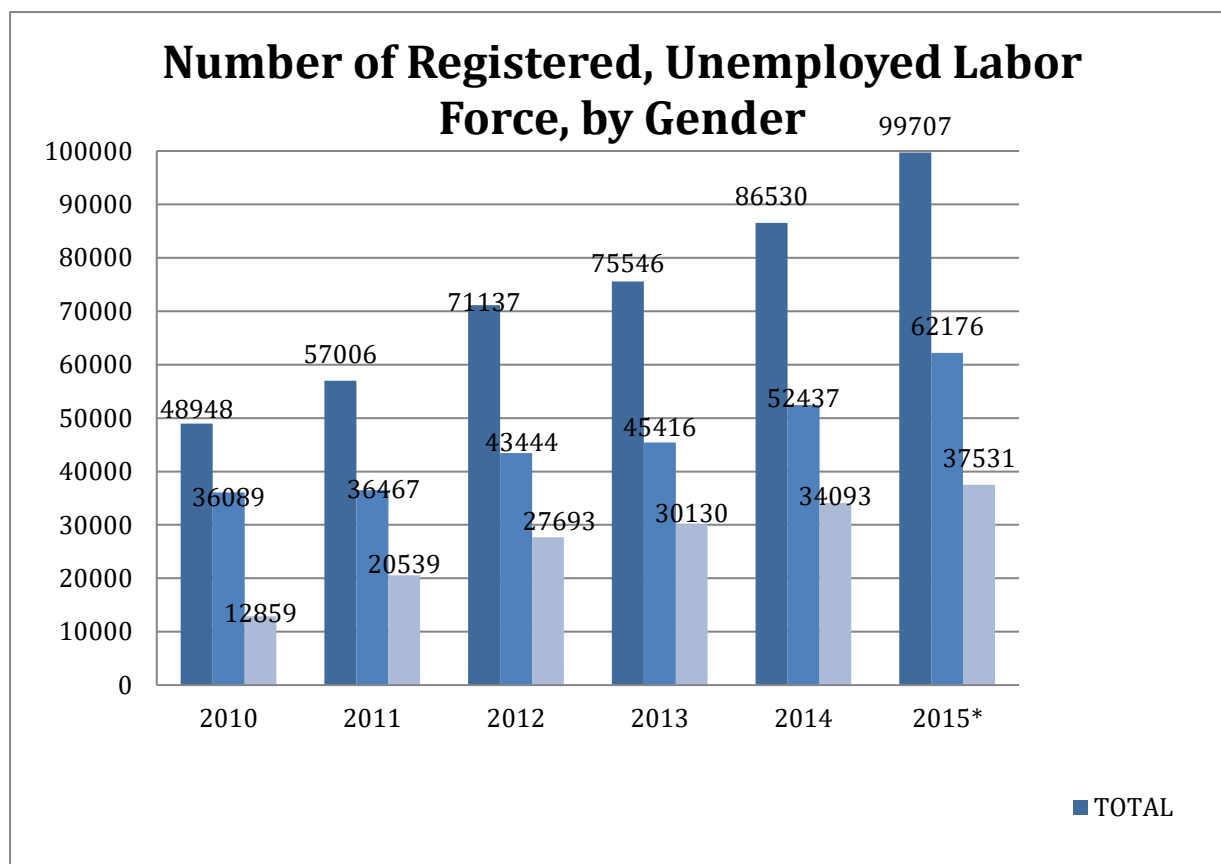
Table 20. Distribution of Unemployed People, by Gender and Education

AGE	Illite rate	Liter ate	Primar y	Seconda ry (with high school)	2-year-degree	Univers ity (4 years)	Master	PhD
Women	461	483	13,202	10,909	5,154	5,681	124	5
Men	535	482	19,955	11,327	3,938	4,689	114	5

Table 21. Registered Unemployed Labor Force, by Occupation (2015)

Occupation	# of Registered Unemployed
Manual Worker (general)	20,830
Cleaner/Janitor	5,088
Sales Representative	3,815
Office Worker	3,628
Driver (Lorry/Truck)	2,784
Secretary/Clerk	2,400
Manual Worker (Cleaning)	2,314
Bookkeeper	2,029
Tea Maker	1,893
Driver (Transportation)	1,450
Other	53,476

Figure 19. Distribution of the Registered Unemployed Labor Force, by Gender (2010-2015)



(İŞKUR, 2016)

Influence of the Syrian Crisis on the Labor Market

Overview of the Situation

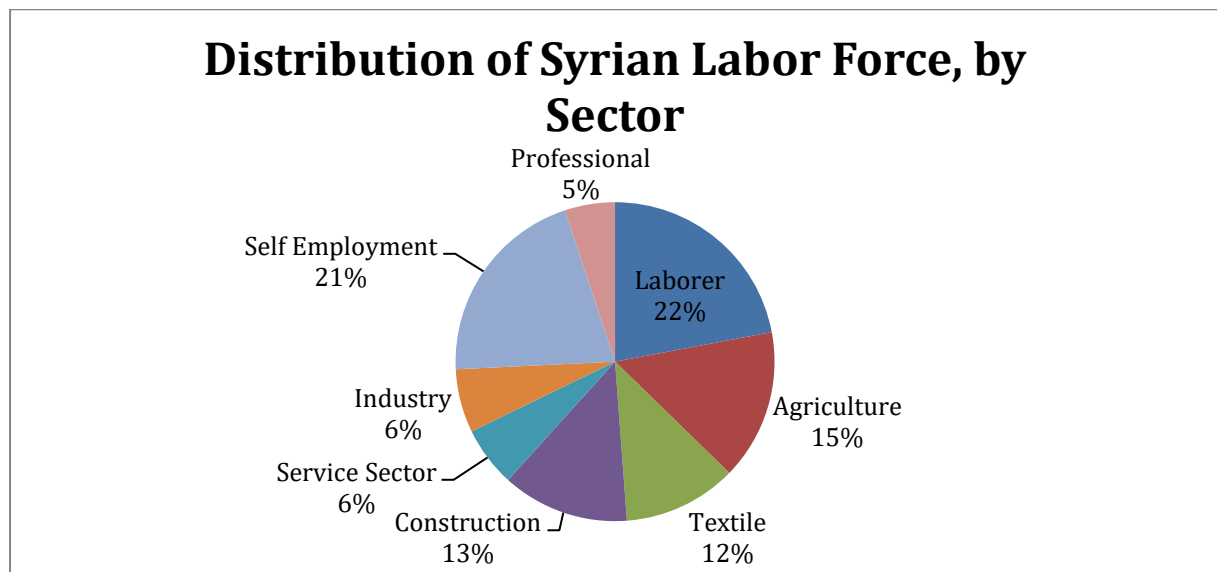
According to recent statistics of the UNHCR (2016), the number of Syrian refugees in Turkey has reached 2,743,000, which makes the country one of the host countries with the most forced migrants. Although there are also migrants and refugees in Turkey from Iraq, Afghanistan and Iran, the number of Syrian refugees is incomparable. Despite ongoing problems related to the ambiguous situation of refugees in terms of their permanent status in Turkey, there are many programs and policies developed for the protection of migrants, provided by international institutions, NGOs or the government.

Since Syrian refugees have a temporary protection status, one of the main problems they face is unemployment. **Most skilled Syrians formally have unemployed status in Turkey.** Despite a decree in January 2016 which gave Syrians a path to the legal right to work in Turkey, there are significant legal barriers and disincentives for Turkish employers to formally hire Syrians for contracted work (Kingsley, 2016). The most notable barrier is the unwillingness of Turkish employers to obtain a work permit for recruiting Syrians (Kingsley,

2016). Additionally, there appear to be no incentives perceived by Turkish employers to actually engage with and manage the work permit process for employing Syrians (Grisgraber and Hollingsworth, 2016). As a result, according to 2016 indicators, Syrians were mostly employed in informal labor markets, in areas such as textiles, manufacturing, construction, agriculture, and services (Grisgraber and Hollingsworth, 2016).

The Rapid Needs Assessment Project of UNICEF revealed that most of the Syrians that settle in Adana were laborers in Syria, and continue to work as such in Adana. The distribution of employment among Syrians, by sector, is described in Figure 20.

Figure 20. Sectoral Distribution of the Syrian Labor Force



The same UNICEF study reported on the challenges that Syrians faced during their attempts to find a job in Turkey. These troubles were largely related to Turkish language acquisition, low salaries compared to host communities, and ethnic discrimination.

The main reason for Syrians preferring to live in Adana rather than other cities of Turkey, seemed to be family bonds and already having relatives in Adana. The prospect of job opportunities in the Adana labor market was not a strong motivator.

Attitudes of Employers towards the Refugees

The FGDs and KIIs with employers showed that demand for employing refugees was very limited, and that there were many obstacles.

Legal Procedure:

The legal procedure for hiring refugees deterred the big corporations from hiring them. Major corporations preferred not to employ Syrian refugees because of the bureaucratic difficulties and infeasibility of obtaining work licenses.

"I have never had Syrian employees here, but sometimes they pass by. When they get the necessary permit, they can be employed. We talk about politics a little – I totally disapprove of this whole Syrian issue. When we put the political aspect aside, I could not employ those people who come here for some reasons while our people in Turkey are unemployed." (Private sector manager)

Lack of Skills Needed:

According to the Turkish participants, Syrians living in Adana did not possess the necessary skills to make themselves employable. Employers argued that Syrians applying for jobs to their companies were generally unskilled. According to the participants, other cities and countries were more attractive for skilled Syrians, and so the skilled Syrian labor force had already left Adana.

This argument was also valid for medium-sized companies. As Syrians were perceived as being unskilled, employers did not try to satisfy their human capital needs from the Syrian population. On the other hand, as there is abundant unskilled Turkish labor in the market, participants preferred them over Syrians for unskilled vacancies.

Cultural Obstacles and Prejudices:

The major reason for the exclusion of Syrians from the labor force in Adana was possibly the negative perceptions of Syrians among local employers. Whereas large and medium-sized companies explained their negative attitudes as being due to difficulties with legal procedures and Syrians' lack of skills, small and micro entrepreneurs perceived Syrians as a threat to their business. According to the latter group, many Syrians were unskilled and did not add any value to their business. As many small and micro enterprises employed family members as unpaid family workers, they did not want to replace them with Syrians (nepotism).

Secondly, our participants discussed the credibility of Syrian workers. Giving anecdotal evidence, the participants argued that Syrians were not "trustworthy" and "reliable" workers. They stated that Syrians were not hard workers, and that they were looking to set up their own business, thus posing a real threat to small businessmen. They also claimed that Syrians easily quit their job and leave their city. Therefore, the owners of small and micro enterprises felt that they did not want to be dependent on unreliable employees.

However, it was generally accepted that Syrians' wages were significantly lower than those of their Turkish counterparts. Some participants underlined the perception that Syrian refugees had less bargaining power vis-à-vis employers,

meaning that they could easily accept unsecure work conditions, irregular payments and the lack of social security. In this light, it seemed more viable for the employment of unskilled Syrians to be attractive to small companies wishing to exploit this cheap labor force.

Participants of the FGDs and KIIs frequently exhibited xenophobic/Turkish nationalistic rhetoric against Syrians. Many participants stated that they would prefer hiring Turkish “youth”, and “our children”, instead of “feeding” nationals of another country. Considering that unskilled unemployment was widespread in the region, it was not surprising to observe a kind of competition between the Turkish and Syrian unskilled labor forces for scarce jobs. Under these conditions, inter-group hostility may arise and lead to discrimination against members of the “other” group.

FGDs with unemployed and employed unskilled participants verified that Turkish employers had a strong negative prejudice, and tendency to discriminate, against Syrians as a result of a perceived competitive threat.

During a FGD, one participant distinguished himself from the other participants in terms of his knowledge about Syrians, due to his daily interaction with them in his workplace. This participant strongly opposed the possibility of Syrian refugees working in public service. This man, who was otherwise quite sympathetic to the situation of Syrians, answered the question “Are there any Syrians working at your hospital?” by saying: “No! They cannot - it would be a crime”, adding that: “They cannot work in public sector without being a citizen, and they can be a citizen if they pay 5,000 TL to the State.”

Syrian refugees’ access to public services such as health care was repeatedly mentioned during focus group discussions, and with some hostility among the Turkish participants. They suggested that Syrian refugees benefited from unlimited health services without a means test, and complained that refugees do not wait in lines to see a doctor like Turkish citizens normally do in a public hospital. Participants’ resentment seemed to extend to the monetary aid provided to refugees by the government. Participants often agreed that Syrian refugees had “better living standards” thanks to the monetary aid they regularly received and their observed consumption habits. For example, in one discussion, refugees are criticized for eating ice cream and snacks during the daytime at a park, and for shopping for chocolate at a market. Participants tended to view most of refugees’ expenses as luxuries funded by government aid, declaring that they themselves could barely manage economically.

Participants stated that most of the jobs in the labor market could be done better by Turks than Syrian refugees, including non-skilled (construction worker, agricultural laborer, portering or waitressing) and skilled (doctor, nurse, cook) jobs.

There were 88.5% of the participants who stated that an employer should give priority to a Turkish candidate over a refugee, to prevent

national unemployment. This view did not change according to the host community member's level of education, job position, or gender.

Recommendations

The drivers of unemployment are challenges that are systemic, and they cannot be tackled by *national and international organizations supporting job creation* alone. Systems-level factors, such as the desirability of larger cosmopolitan cities throughout Turkey, and employment-preparedness in the public and private education system of Turkey, are likely to be best leveraged through public policy reform. Rather, the recommendations in this labor market assessment are intended for the *international and national organizations supporting job creation*, and organizations such as Global Communities and GTZ.

There are some potential avenues that might enable *international and national organizations supporting job creation* to increase Syrian employment, without losing sight of the constraints of the enabling environment. Firstly, İŞKUR has no visible plans or targets for encouraging refugee participation in the labor market.

- 1. Given the explicit absence of vulnerable populations from regional economic development plans of agencies such as İŞKUR, international and national organizations supporting income generation and job creation could advocate including vulnerable populations, namely refugees, in regional strategic plans. Specifically, the findings from the labor market assessment about the skills-levels of Syrians in Adana, statistics about their intention to reside in Adana permanently, their ambitions, and their desire to integrate, may influence employers' reluctance to begin the registration process for hosting Syrian refugees.**
- 2. Using İŞKUR as an intermediary, these organizations can develop partnerships for working with employers and human resource departments to dispel myths about Syrian employment habits, preferences, and intentions for integration, and to promote the idea that hiring Syrians does, in fact, improve local economies.**

The immediate benefit to Turkish employers would be the filling of vacancies locally. Registering the firm to host Syrians would fill large numbers of manual, skilled positions in sectors such as manufacturing and construction, (after the Syrians have verified attainment of the relevant skills).

4. CHARACTERISTICS OF LABOR MARKET SUPPLY

Characteristics of the Labor Force

Age and Gender:

Within the TR62 region, (the Adana province, including Mersin), there are 2,747,000 people above the age of 15, with 1,381,000 of these considered as participating in the labor force. The total number unemployed among this age cohort is 177,000, with an unemployment rate of 12.8% throughout the region. Labor force statistics based on gender in the TR62 region are indicated in Table 22, below.

Table 22. Labor Force Statistics in the TR26 Region (Adana, including Mersin)

1,000s	Total	Employed	Unemployed	Participation in Labor Force (%)
Total Labor Force	1,381	1,203	177	50.3
Male	965	860	105	71.7
Female	415	343	72	29.7

(TURKSTAT, 2013)

Education and Skills:

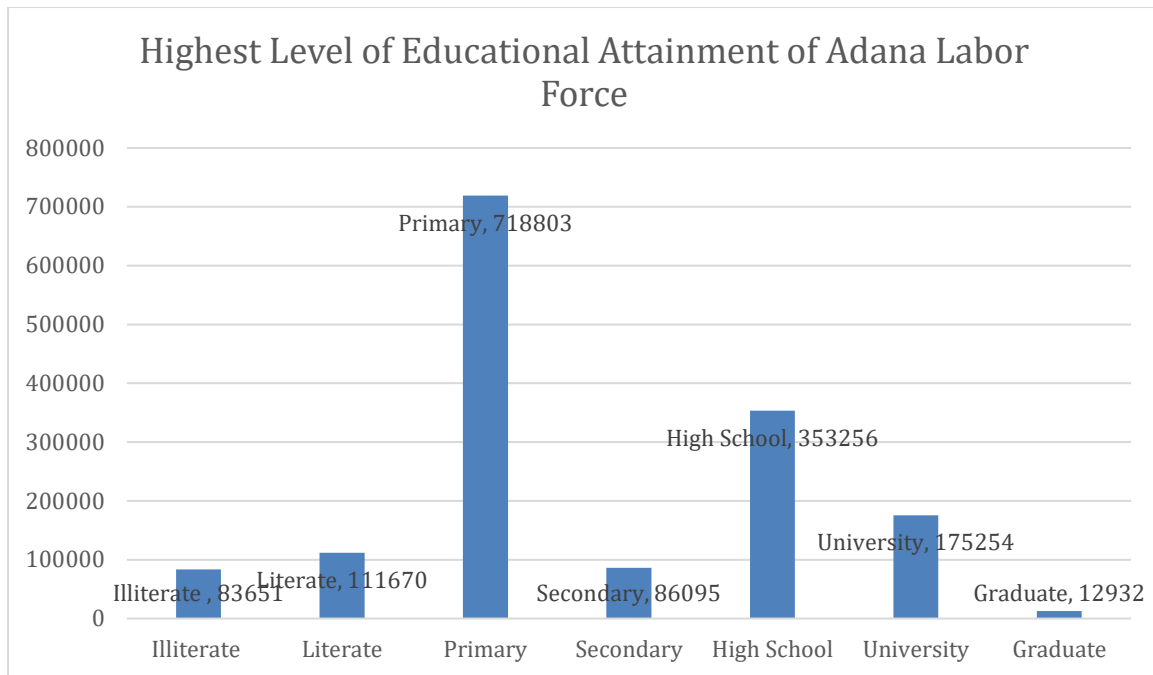
In 2013, the majority of the workforce in Adana, (older than 15), was literate (94.6%), which is slightly lower than the national average (95.3%). The proportion of well-educated individuals (university or vocational school graduates) in the same population was 11.4%. The education level was noticeably lower for women, since illiteracy in women was three times that of men, although the illiteracy rate is decreasing faster for women than for men.

Table 23. Education Level of Labour Force, by Gender

	Illiterate	Literacy with no education completed	Primary school	Secondary school	High School	University / College	Graduate
Women	69,722	74,723	358,264	36,540	155,738	78,520	5,403
Men	13,929	36,947	360,539	49,555	197,518	96,734	7,523
Total	83,651	111,670	718,803	86,095	353,256	175,254	12,932

(TURKSTAT, 2013)

Figure 21. Education Level for the Total Labor Force



(TURKSTAT, 2013)

Figure 22. Education Level Trends, per 1,000 People, 2011-2013

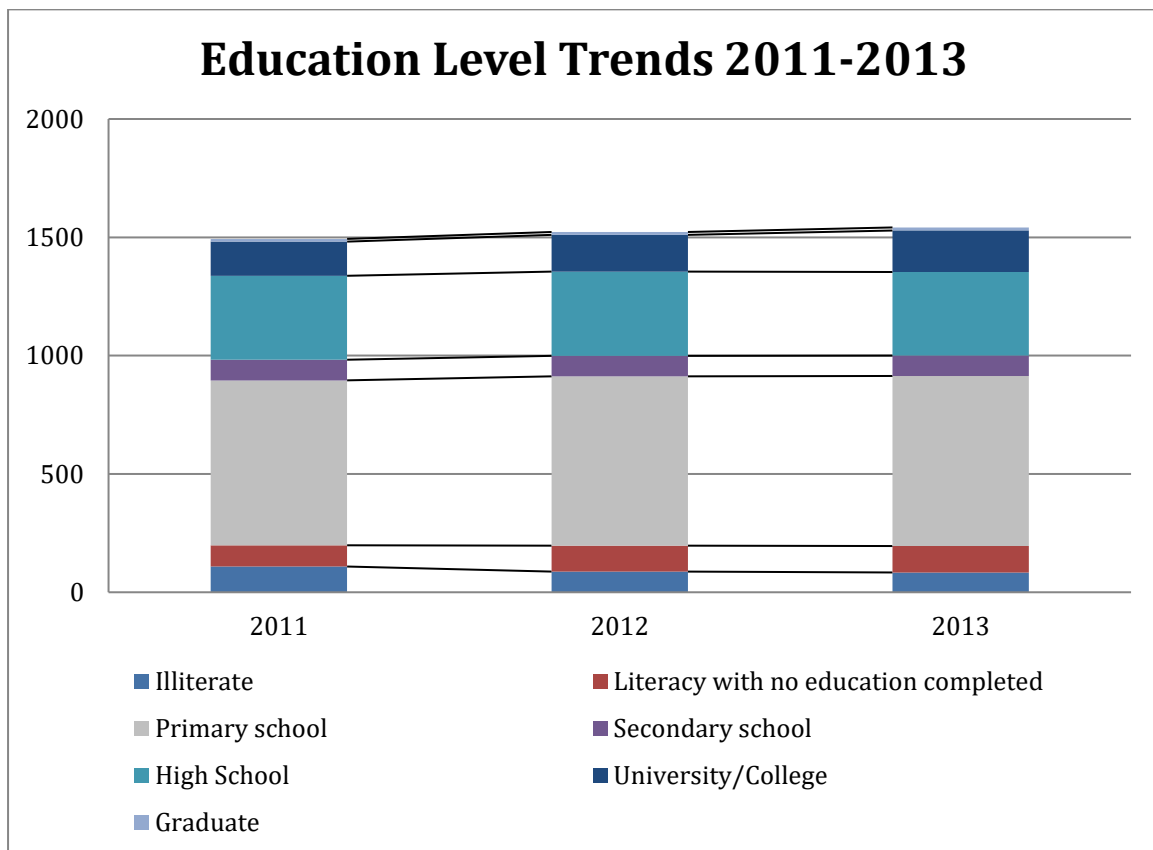
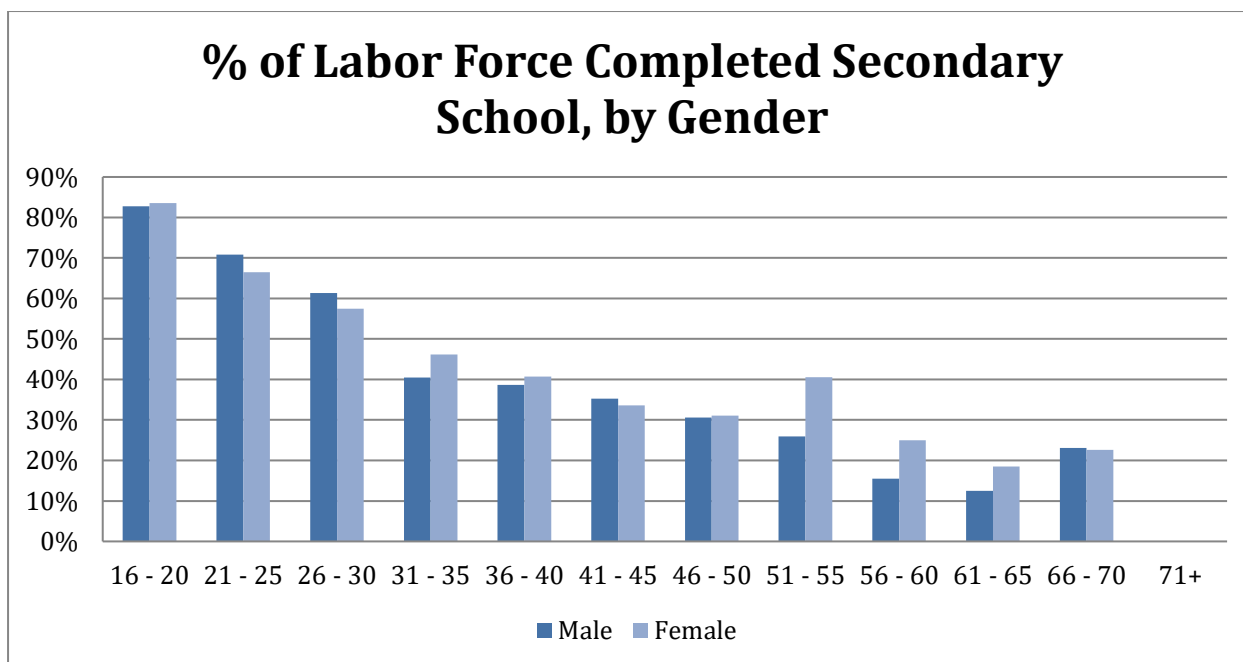


Figure 23. Level of Education (Percentage of Secondary School Graduates)



The above figures show the level of education of people living in Adana, measured by whether an individual had at least graduated from secondary school. According to these data, the new generation was more educated than older cohorts, with 80% of those aged 16-20 having graduated from secondary school, (8 years of education). This percentage declined to 70% for the 21-25 age group. By 30 years old, the percentage of secondary school graduates had declined to 50%, and the figure was less than 20% for the older cohorts. These figures show that the labor force in Adana was becoming more and more educated. Figure 23 shows that there was no gender gap in terms of education.

Access to the Labor Market

Employers:

The FGDs and KIIs showed that employers used a small number of channels for recruitment, depending on the size and capacity of the company. The following subsections describe the various ways in which different sized companies hired employees in Adana.

a) Large Corporations

For large corporations, based on the survey findings and supported by the qualitative research findings, the main tools for recruitment for skilled office workers were newspaper advertisements and websites such as *kariyer.net*. In some cases, they preferred to recruit within the company, by inviting employees to apply for new positions. Another method of recruitment involved asking employees to suggest their friends or relatives for newly opened positions. This method works as a character check for new employees.

When large corporations recruited manual laborers, they employed different methods. For positions that required a professional certificate, the corporations

worked with İŞKUR as the employment agency. Large corporations already having agreements with İŞKUR could streamline processes and readily have all documents on potential candidates available for consideration. The vocational schools themselves also functioned as a human resource pool of skilled manual workers. However, the qualitative research respondents emphasized the fact that the vocational school system had important deficiencies, ranging from the lack of motivation of students to work in factories, to the lack of practical experience among graduates.

b) Medium-Sized Corporations

For medium-sized corporations, the recruitment process worked in a very informal way. In these companies, the roles of managers and owners overlapped a great deal, and, generally, the owner was in charge of recruiting new

"We put an advert in the newspaper to hire someone. There are systems such as İŞKUR and others, but it takes too much time. We cannot wait for the bureaucratic procedures and put an advert in the newspaper. Ultimately, we ask our employees whether they know someone looking for a job. This is a better channel for us; at least it's like a preliminary filter."
(Private sector manager)

personnel. Personality and perceptions of candidates' loyalty to the firm were essential factors for consideration when hiring, in medium-sized corporations. Therefore, formal methods of recruitment such as newspaper advertisements

and websites were not used by this type of corporation.

Unlike those of large corporations, İŞKUR's processes for supporting recruitment seemed very complicated, and, generally, medium-sized corporations failed to complete their application to İŞKUR. Staff among medium sized corporations had a perception that İŞKUR was inefficient as an employment agency.

Familiarity was the most important criterion for the employer, and employers said that, generally, they look for someone they know when they need personnel, or act on a referral. Former employees and employees of other firms in the market were more attractive as new employees, especially when recruiting skilled manual laborers.

c) Micro and Small Corporations

The majority of enterprises established in Adana were micro and small enterprises, almost all of them being family enterprises depending on an unpaid family workforce. Owners acted as workers, and employed their family members and relatives. In the case of new employees, they preferred to look to their own neighborhood, and find someone they knew. As they generally looked for unskilled workers, recruitment through the immediate family did not create a problem for owners, in the absence of formal human resource guidelines.

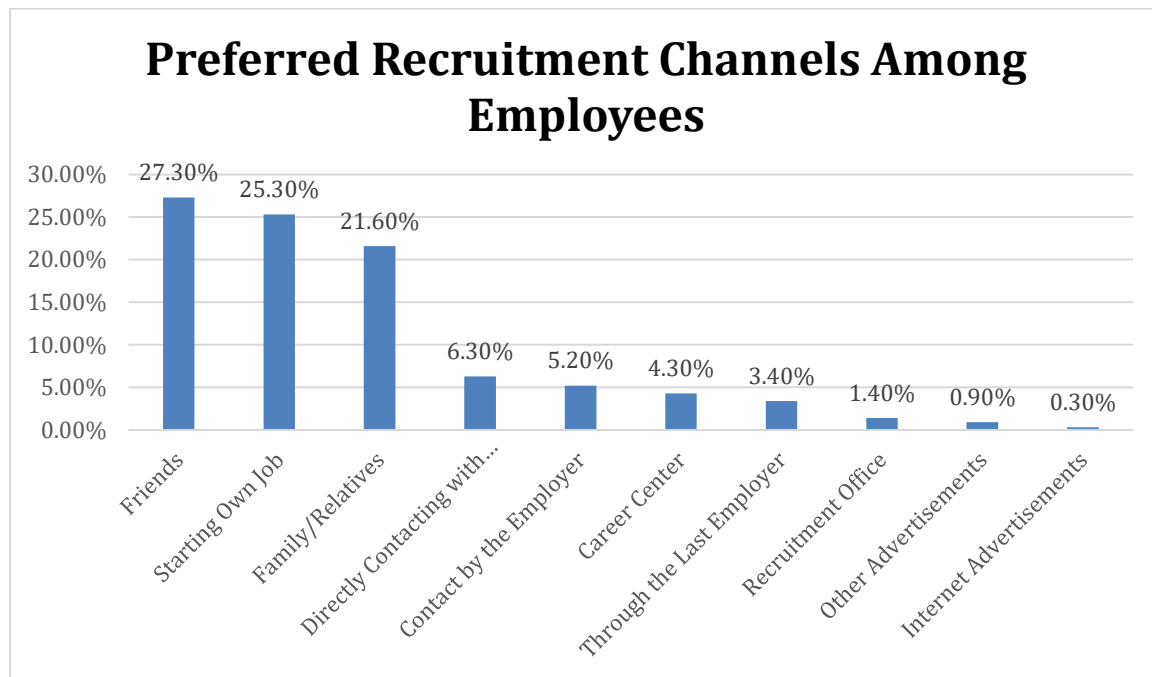
If these companies need skilled workers, they typically tried to train their relatives, instead of looking for someone from the labor market. This method has two advantages: a) reducing the costs of hiring someone professional, and

b) guaranteeing the loyalty of the new employee. According to the owners of these corporations, they were threatened by new businesses established by their former employees, and did not want to invest in a potential competitor.

These companies were unable to deal with the bureaucratic procedures of İŞKUR, and the small number of attempts among the qualitative research participants to do so seemed to have failed.

Employees:

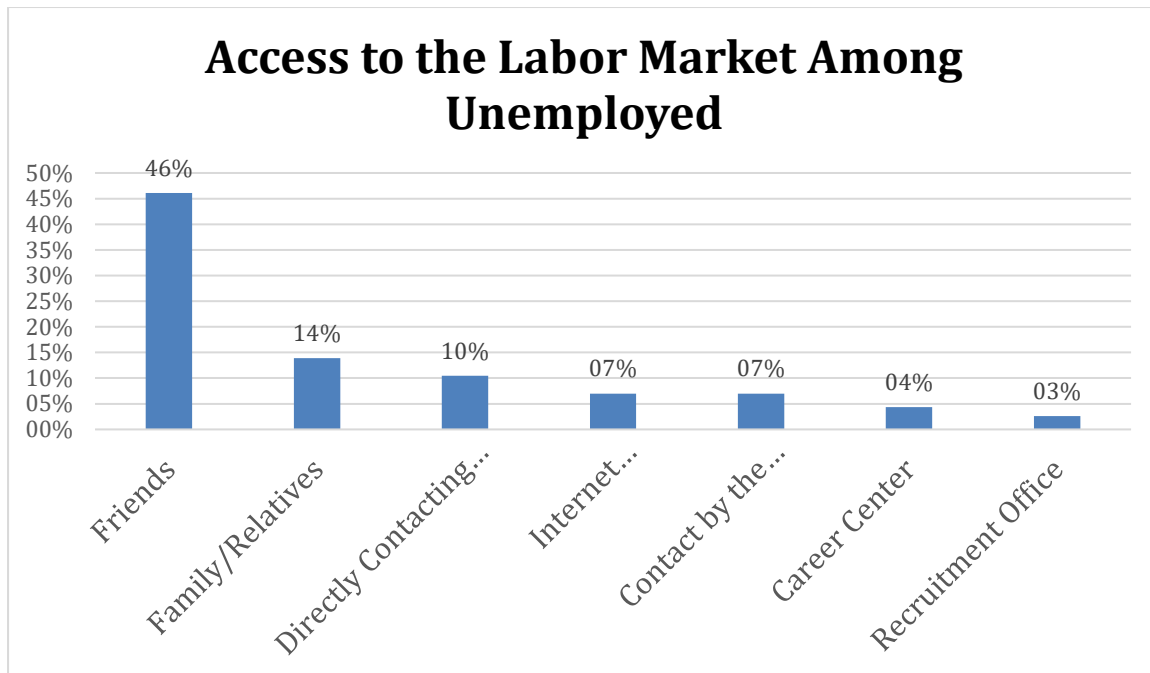
Figure 24. Access to the Labor Market (Employees and Self-employed People, Percentage)



The quantitative survey indicated that the most popular channel through which to access the labor market was through friends (27.3%) and relatives (21.6%). There were 6.3% of the employees who said that they had directly contacted the employer (i.e. via an application), with 5.2% being contacted directly by the employer (i.e. being "poached" or "head hunted"). Including those being referred by their previous employer (3.4%), almost 70% of the sample had found their most recent job through personal connections.

The percentage of those who had used the career center (4.3%) or the recruitment office (1.4%) was minimal.

Figure 25. Access to the Labor Market (Unemployed People, Percentage)



As shown in Figure 25, almost half of the individuals who were looking for a job were conducting this search through their friends. With 14% of the sample informing their family members/relatives, a combined percentage of 60% of unemployed people used personal connections as their most important channel through which to access the labor market. There were 10% of those unemployed who were looking for a job by directly contacting employers, with 7% awaiting a response from a potential employer.

According to the quantitative survey findings, formal channels (i.e. the career center or the recruitment office) were only used by 10% of unemployed persons. This is inconsistent with the İŞKUR report on the Adana Labor Force (2015), which indicated that unemployed persons made heavy use of the Adana Branch of İŞKUR. The report stated that the average rate of job search on İŞKUR throughout Turkey was 57.5%, but 81.9% for Adana. On the contrary, informal channels for a job search were still the preferred method.

Different types of employee had different strategies for accessing the labor market. The most important differences were observed between skilled and unskilled workers, as described in the following sections.

a) Skilled Workers

Skilled office workers used formal tools such as newspapers or *kariyer.net* when looking for a new job. The majority of them were registered on various platforms, and they had already uploaded their CV, which they regularly updated.

The picture was somewhat less complicated for skilled manual laborers, as they used newspapers as the primary source of information about the labor market. They preferred to collect information from colleagues working in other companies when looking for new job opportunities.

For these workers, training provided by İŞKUR and similar institutions did not function as a tool, because they believed that using these channels reduced their bargaining powers vis-à-vis their potential employers.

According to the quantitative survey findings, about 40% of skilled, office-based employees found their job through personal connections (family and relatives). This proportion was almost the same among skilled manual laborers. The career centers were used by 10% of skilled, office-based workers. For both office-based employees and manual laborers, personal connections were the dominant channels for finding a job.

b) Unskilled Workers

For the majority of unskilled workers, personal relationships were the best way of finding a good job. A lack of trust between employers and (external) unskilled workers was very commonplace, due to concerns about employee loyalty, or employers exploiting employees. As a result, unskilled workers often had a very low level of confidence. As an example, during the FGDs, unskilled workers repeatedly shared their past experiences with “bad” employers; this was when they did not get the wage they deserved, or the employer did not register them with the social security system.

“I found all my jobs from the elders I worked for before. The problem with the [opportunities] coming from Antalya is that they go when the season starts in Antalya, so they are considered seasonal jobs. These are not preferred much here.” (Unemployed)

Another reason for the importance of personal relations was the perception among these workers of the critical role played by having personal links with managers for having a successful career. During FGDs, several times respondents shared their previous experiences of employers preferring a less qualified candidate because of the lack of close personal links, (opting for the greater likelihood of loyalty).

İŞKUR and other institutions generally do not support unskilled workers. Firstly, most of the employers of unskilled workers were not registered with İŞKUR, and those that were registered complained about the difficulty of the bureaucratic registration tasks. Some unskilled job-seekers had attended training provided by İŞKUR, but few reported obtaining a job as a result of participation.

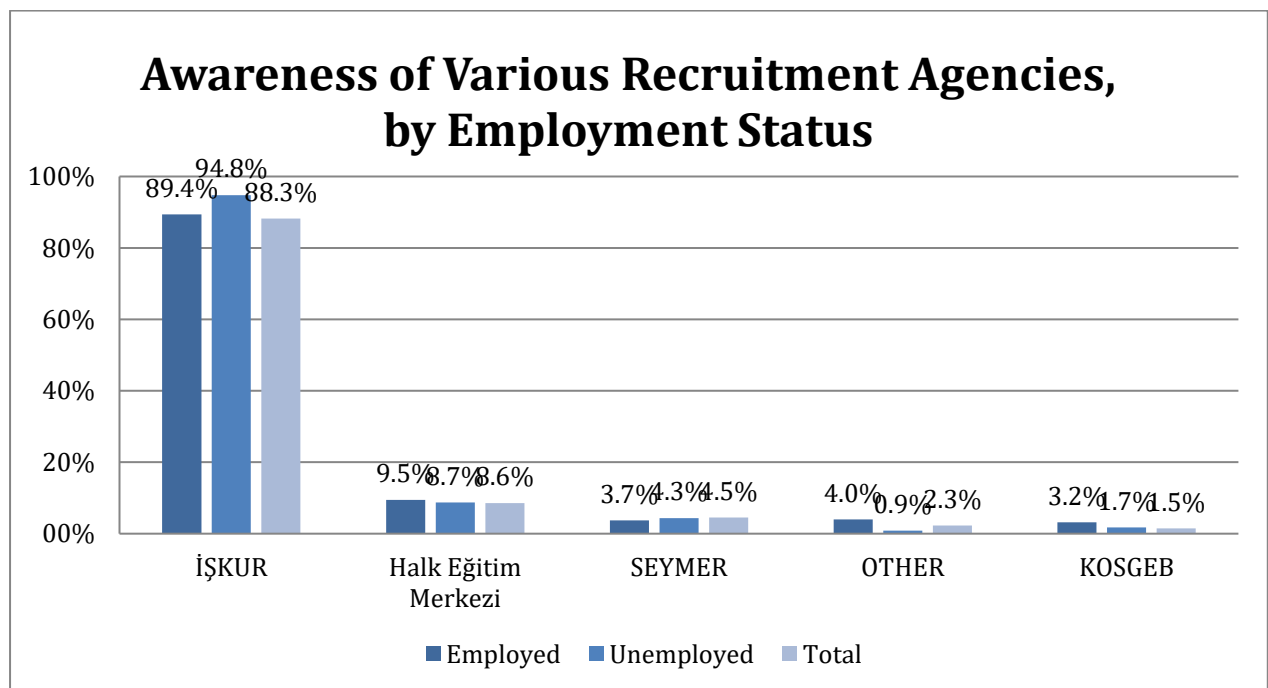
The qualitative research findings supported these statements: 58% of service sector employees and 70% of unskilled workers found their job through personal connections. Alternative channels were not found to be effective for this segment of workers.

Unskilled workers, especially those who were unemployed, also underlined the importance of having political support. According to them, if they could have good relations with a governing party, they could easily find a job. This channel for accessing labor market opportunities might encourage job-seekers to be more complacent in relation to job searches and skills development.

Recruitment Agencies and their Services:

Although the primary channel for job search was primary connections, for almost every employee, the extent of survey respondents' familiarity with institutional recruitment agencies is described below. This is to assess whether a lack of familiarity could be a factor for their underutilization.

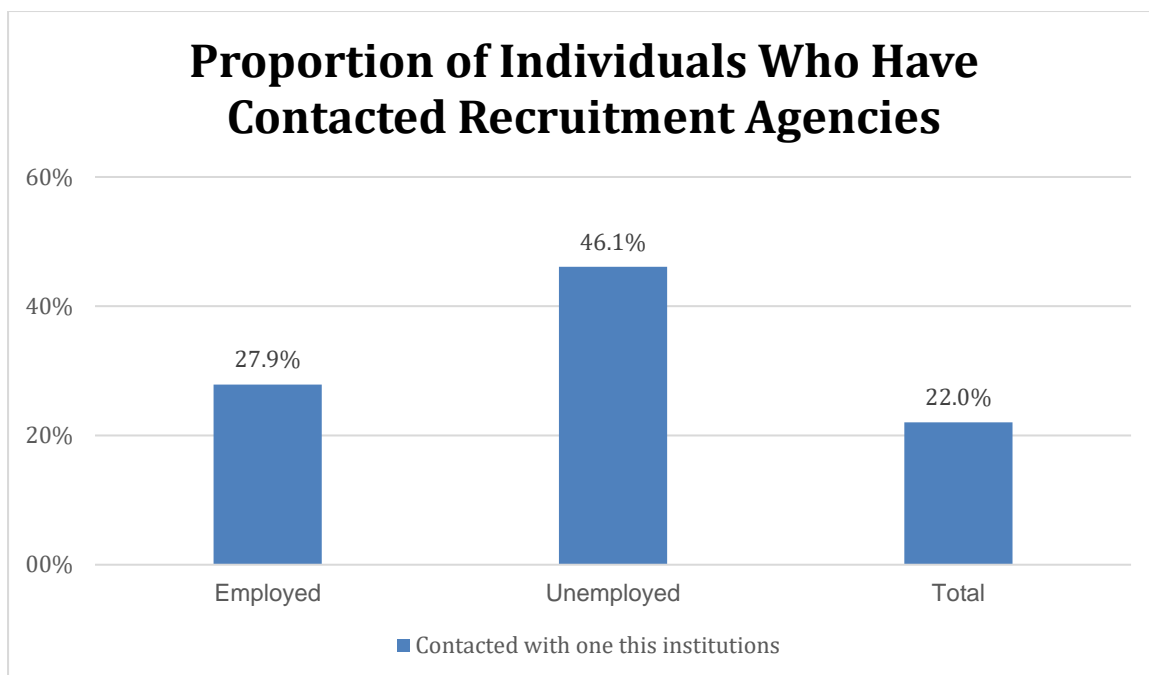
Figure 26. Recruitment Agencies (Percentage of Respondents)



Nearly all the survey respondents were only able to identify İŞKUR as a recruitment agency. About 90% of the respondents could identify at least one recruitment agency, and all responses given referred to a public institution. After İŞKUR, the Public Education Centers were the next-most common response (8.6%). There were no other institutions listed by respondents, and there was no difference in familiarity between those employed and those unemployed.

In Adana, there were four private recruitment agencies, which were established with the permission of İŞKUR. However, according to information on İŞKUR's website, permission for these agencies to operate ended in 2010. Currently, no private recruitment agencies are active in the Adana labor market.

Figure 27. Contact with Recruitment Agencies (Percentage of Respondents)



According to the KIIs, 22% of respondents had been in contact with at least one of these recruitment agencies. Among these, 46% were unemployed respondents, suggesting a demand for recruitment agency services. Approximately 30% of employed respondents had been in contact with a recruitment agency.

Figure 28. Outcome of Contact with Recruitment Agencies (Percentage of Respondents Contacted)



The KIIs provided evidence that contact with the recruitment agencies had had a positive impact: Across all skill levels, 58% of those who had been in contact

with a recruiting agency had found a job. The recruitment agencies arranged job interviews for 43% of applicants, arranged vocational training for 29%, and provided assistance with preparing a CV for 27%. One fifth of the applicants were referred to other public institutions.

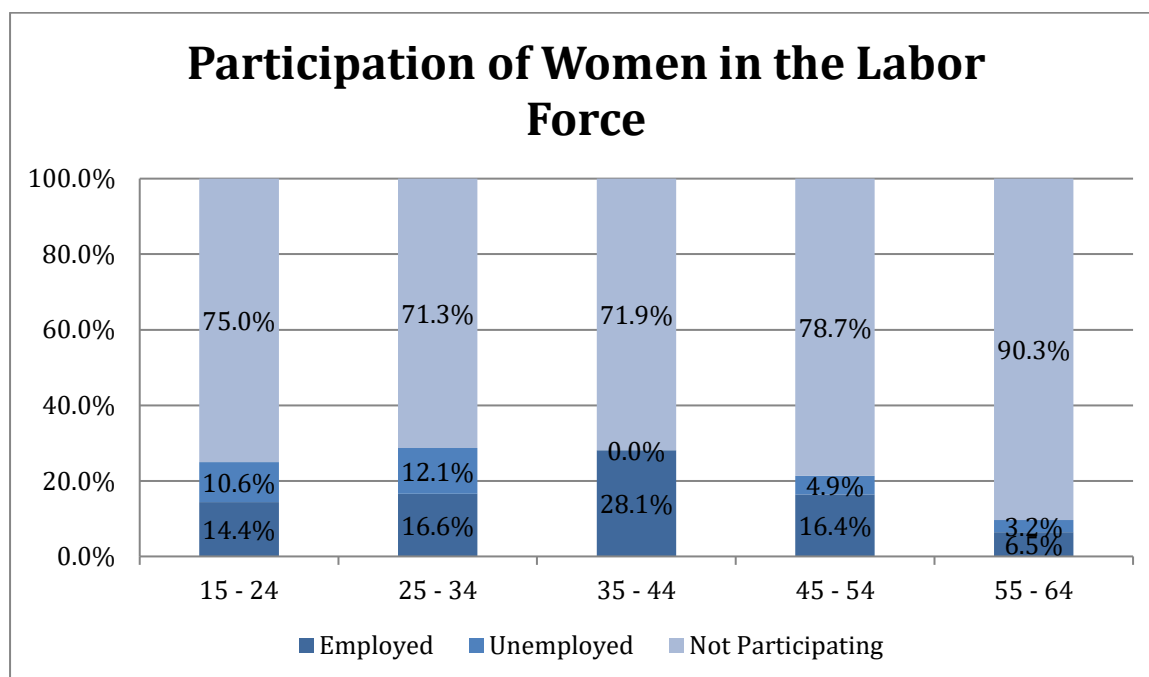
As only one fifth of respondents (46% of unemployed respondents) had been in contact with a recruitment agency, the impact of these agencies' services was limited. However, if the coverage, or awareness, of these services increases, there is potential for more opportunities to meet labor market demand and to improve employment outcomes.

Women in the Labor Force

Employment Interests

The quantitative survey findings showed that only 16% of women living in Adana were employed. The proportion of those looking for a job was 8.6%, and the remaining 75% did not formally participate in the labor market, (except for those who might have provided unskilled and unpaid labor for a family business). As a result, Figure 29 illustrates a very low level of participation of women in the labor force.

Figure 29. Participation of Women in the Labor Force



According to Figure 29, 75% of women aged 15-24 did not participate in the labor force. This figure declined to 71% for women in the 23-34 and 35-44 age cohorts, and then further increased with increasing age. The graphs show that the majority of women living in Adana did not work, almost regardless of age.

As shown above, unemployment was a major problem for people in the younger cohorts. The proportion of women employed and unemployed was almost equal

in the 15-24 and 25-34 age groups, suggesting that perhaps half of the young women had the intention to work, yet could not find a job.

Figure 30. Participation of Women in the Labor Force, by Level of Education

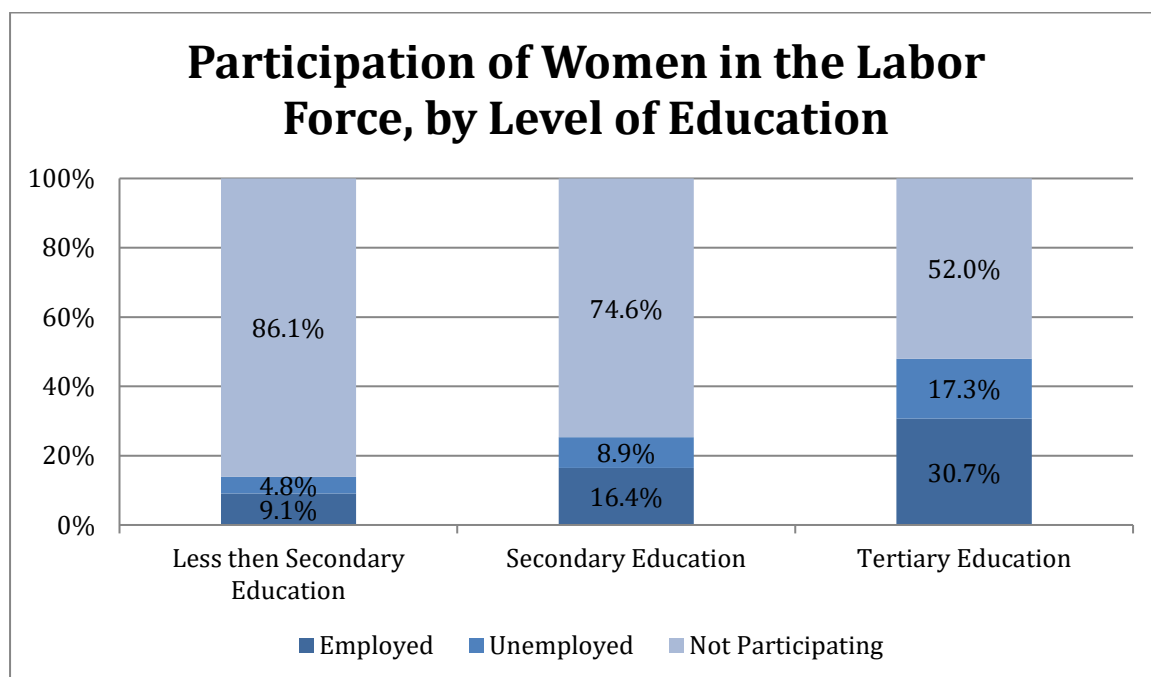


Figure 30 shows that, as level of education increased, predictably, the percentage of labor force participation increased. There were 86% of the least educated women who did not work; 9% of them were employed and 4.8% were unemployed. Among graduates of secondary education, the percentage of employed and unemployed women was greater, (being 16.4% and 8.9%, respectively), with the proportion of women not formally working decreasing. Among the university graduates, only 52% did not work, indicating a significantly higher ratio of labor force participation. Nearly one third of women having a university degree were working, while 17% of them were unemployed and seeking a job.

Figure 31. Reasons for Not Working (Percentage of Women)

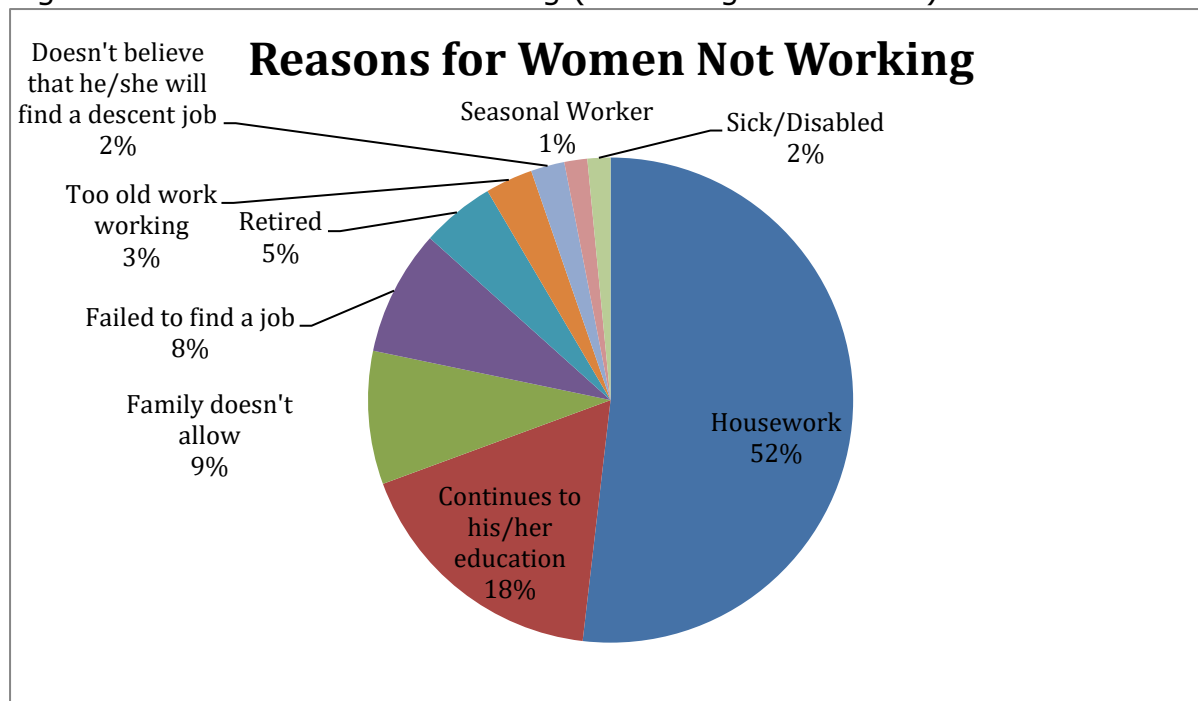


Figure 31 shows that the most important reason for the exclusion of women from the labor force was house duties (50.8%). The second-most important reason was women continuing their education (17.2%). For a small percentage of women, the family's permission played an important role in their access to the labor market (8.7%). About 10% of women had failed to find a job.

Figure 32. Reasons for Not Working, by Age Group (Percentage of Women)

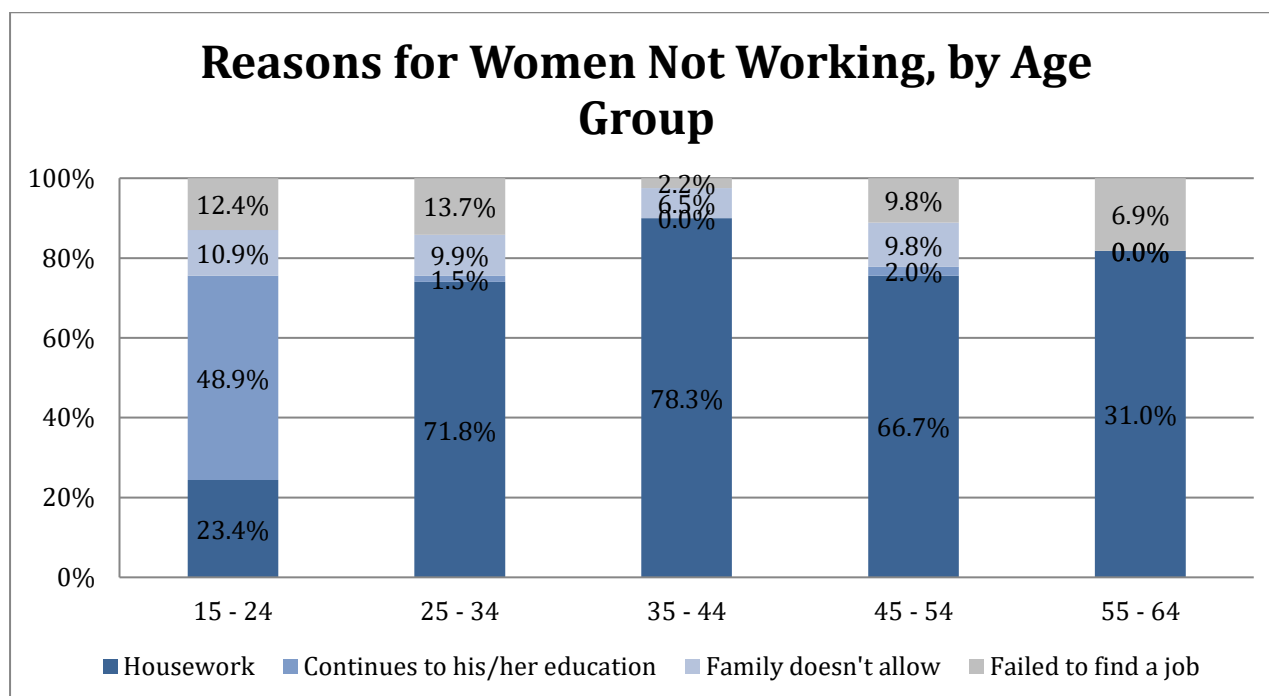


Figure 32 shows house duties to be the most important reason of the exclusion of women, especially between the ages of 25 and 54. For the youngest cohort, education was the primary reason for not working. As previously mentioned, failing to find a suitable job was a particular problem among the relatively young cohorts (12%).

Figure 33. Reasons for Not Working, by Level of Education (Percentage of Women)

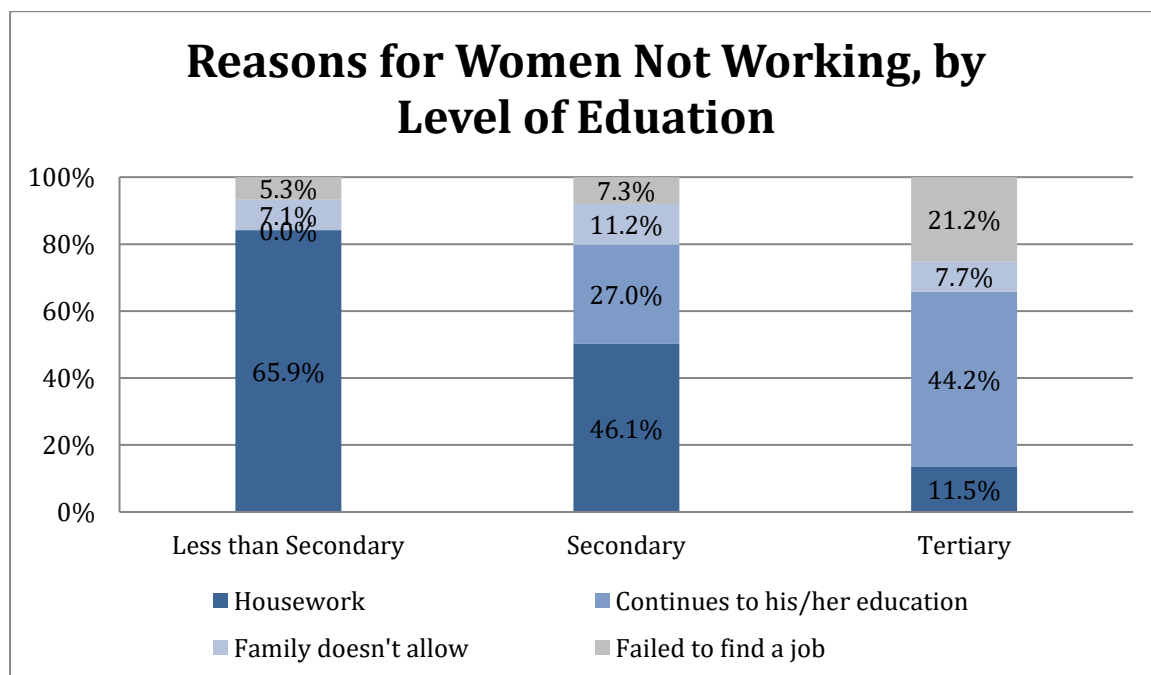
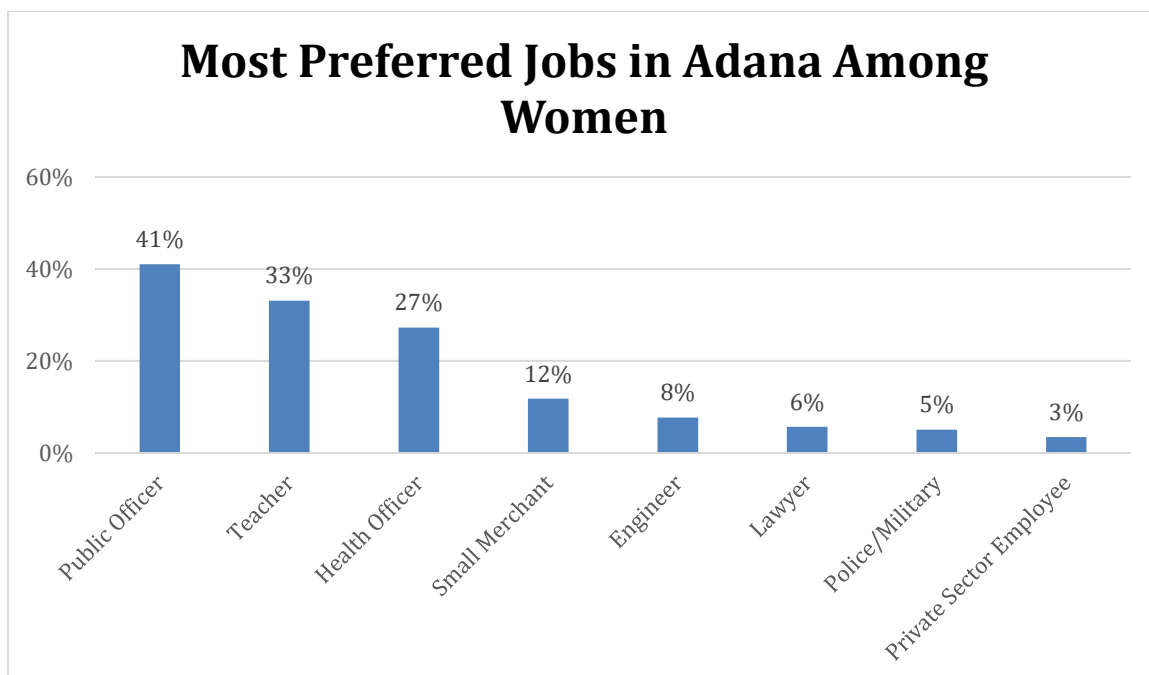


Figure 33 shows house work to be the most important factor for women being excluded from the labor market among those with the lowest level of education (65.9%), with this factor becoming less important with increasing level of education. Among the university graduates, only 11.5% mentioned this factor as being relevant; for them, continuing with education was the main barrier. It should be further emphasized that 21% of university-graduated women were unable to find a job, highlighting the challenge of finding employment for educated women, (and for young people in general, in Adana).

Figure 34. Most Preferred Jobs in Adana (Percentage of Women Respondents)



According to the survey findings, the most preferred job for women living in Adana was being a public officer (41%). Being a teacher was the second-most popular choice (33%), with 27% naming health officer as the most attractive job. All other jobs were mentioned by less than 15% of female participants. Another way to interpret this is that jobs with income security and guaranteed social security were the more popular.

Figure 35. Most Preferred Jobs in Adana, by Employment Status (Percentage of Women Respondents)

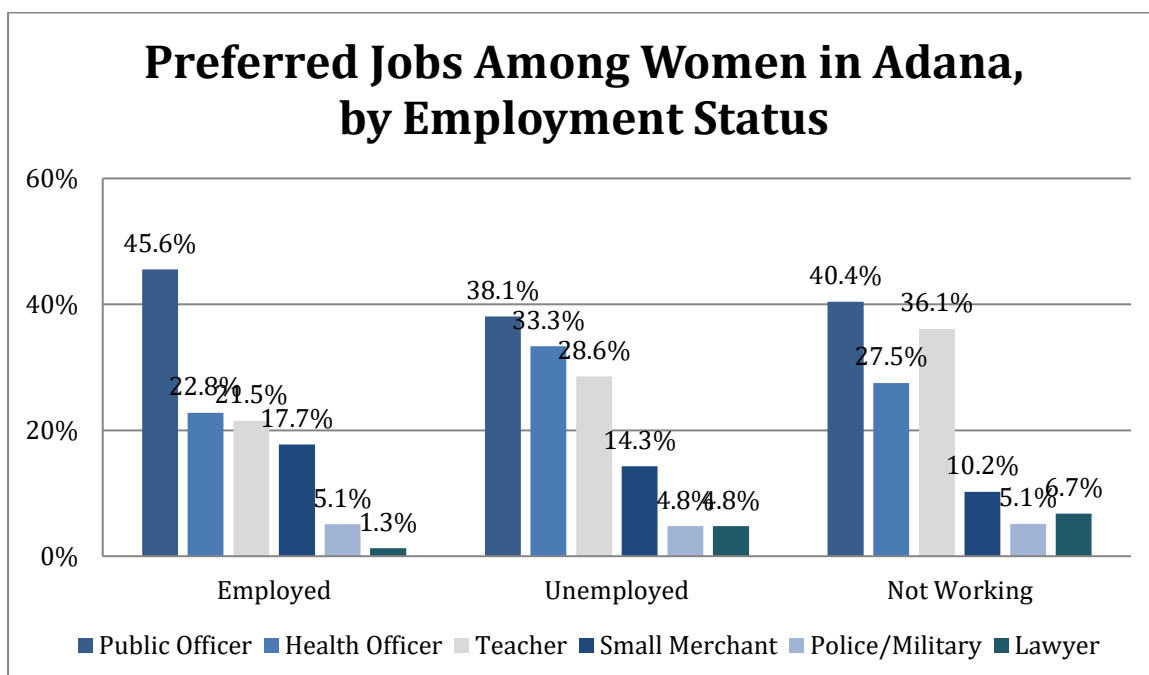
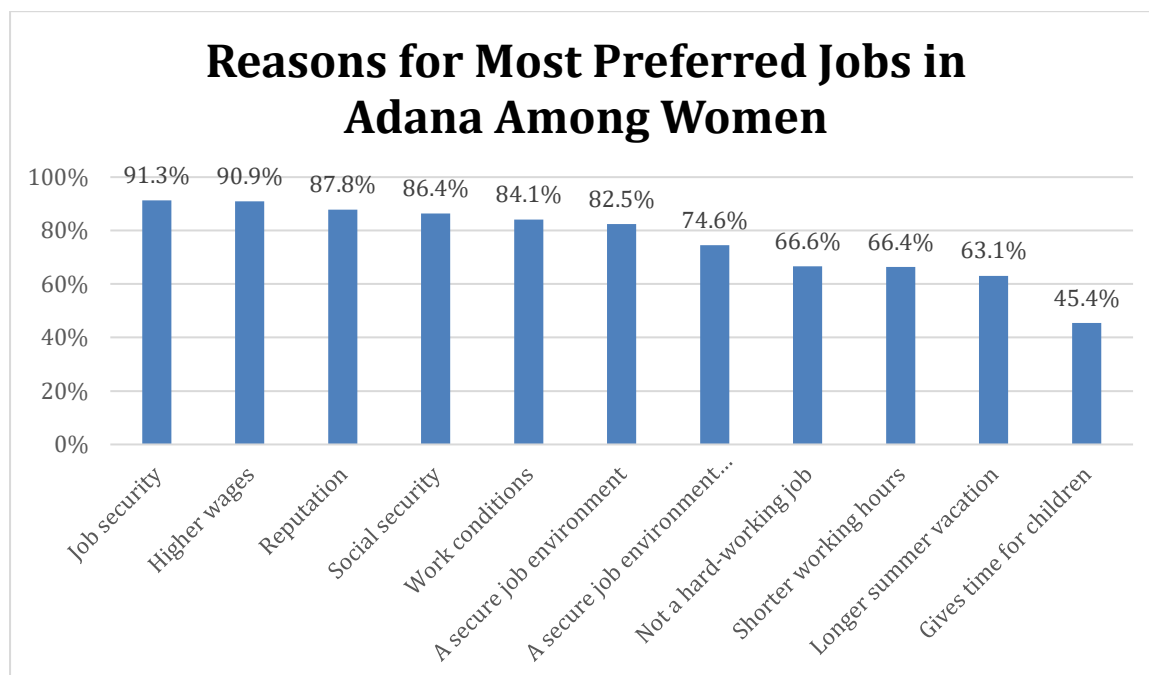


Figure 35 shows that current employment status did not affect the job preferences of women living in Adana. Among employed women, the most preferred job was being a public officer, followed by being a health officer or a teacher. Being a public officer or health officer was very popular among unemployed women, with percentages of 33% to 38% recorded.

Figure 36. Reasons for the Most Preferred Jobs in Adana (Percentage of Women Respondents)



When asked about the reasons for their job preferences, female respondents stated that job security (91.3%), higher wages (91%), reputation of the job (87.8%), having social security (86.4%), better work conditions (84.1%), and a secure job environment (82.5%) were the major reasons. Figure 36 shows that neither longer summer vacations nor having enough time for children were among the most commonly stated reasons. There were no noticeable differences between women who were employed and unemployed women.

Recommendations

As suggested by the qualitative research, a challenge with the available labor market in Adana was employability. Employers felt that both Turks and Syrians who were unemployed and living in Adana lacked the relevant “hard” skills required for tasks, such as the use of computer software, the use of machinery, accounting, and electrical wiring, and were similarly lacking in the “soft skills” required for various service industries, such as command of the English language (or the Turkish language, for Syrians), a good appearance, public speaking skills, and customer service skills.

Although respondents stated that they felt that “soft skills” could not be learned, and were inherited, this is often not the case.

1. International and national organizations supporting job creation in Adana can partner with universities and high schools in Adana to provide “job preparedness courses” for young Turkish people, particularly women, in order to improve their “soft skills”, which employers have identified as being lacking in the existing labor market.

These courses could be largely based on the findings from this labor market assessment, bringing in employers from various sectors, and of different sizes, that are looking for entry-level office employees or individuals in the services sector. Given the less than positive reputation of the quality of İŞKUR training courses and outcomes, among employers and unemployed participants, (particularly among smaller firms), it is recommended that these courses should be facilitated by Turks, either at a university campus or on the premises of another public institution.

Syrians face unique and additional barriers to employability, chiefly Turkish language acquisition, xenophobia, and the incentivization of employers for the legal employment of Syrians.

2. As Turkish language acquisition continues to be a barrier to Syrians accessing formal employment opportunities, the aforementioned organizations should also contribute and encourage Syrians to enroll in Turkish language courses, in addition to “job preparedness courses” in Turkish. However, given the additional barriers and cultural challenges that Syrians may face when trying to gain formal employment in Turkey, there should be additional and extended sessions (in Turkish) for Syrians.

3. International and national organizations supporting job creation could, additionally, provide participatory workshops for Syrians for discussing and making sense of Turkish employers’ attitudes towards them, and explore how both communities could take action to bridge the divide. The outcome of such sessions would be to develop a consensus on the unique challenges faced by Syrians, and for *international and national organizations supporting job creation* to provide referrals to services that may increase their employability, and to continue to learn from Syrians as to how they can work with Turkish employers to increase their levels of employment.

5. OVERVIEW OF VOCATIONAL TRAINING, EDUCATION, AND PROVIDERS

Basic Statistics

The number of students attending each vocational center (410) was higher than the national average (326), in Adana. The crowded classrooms and the schools of vocational training, in Adana, have both advantages and disadvantages in terms of labor market potential, and provide evidence of the high demand for skills training and skilled labor. **The immediate implication is that there should be an increase in the number of classes and schools in vocational training, in order to reduce the student/teacher ratio, and to have more student-centered learning.**

In addition to the national curricula, short-term vocational training courses are mostly organized and conducted by the Turkish Labor Agency (İŞKUR). Sometimes, provinces, municipalities, or some *international and national organizations supporting job creation* might contribute to vocational training, depending on the region. Statistics for İŞKUR training courses are given in Table 24, below.

Table 24. Vocational Training Courses, (Active Labor Market Programs)

	#of vocational training courses (VCT)	#of VCT students	# of On-the-job training programs	# of On-the-job training students	Entrepreneurship Training Programs	# of ETP Students	Total	
							Programs	Students
2015	93	1,210	1,496	2,687	7	186	1,596	4,083
2014	122	1,537	1,239	2,120	40	1,020	1,401	4,677
2013	204	3,440	1,232	2,209	31	852	1,467	6,501
2012	394	6,966	818	1,590	24	623	1,236	9,179
2011	288	4,068	444	892	18	446	750	5,406
2010	271	4,374	71	139	6	150	348	4,663

In addition to İŞKUR training programs, alternatives which provide training for unemployed and largely unskilled individuals to achieve temporary employment are called Programs for Social Benefit (Toplum Yararına Program (TYP)). The eligibility criteria for participating in TYP include: 1) being registered with İŞKUR, 2) being over 18 years of age, 3) having no source of income, and 4) not being a student. As described below, the number of TYPs in Adana were rapidly increasing in terms of breadth of coverage.

Table 25. Programs for Social Benefit

	# of Programs	# of Students
2015	52	7,166
2014	57	5,901
2013	26	2,609

2012	14	1,539
2011	15	473
2010	14	751

It should be noted that statistics for 2015 were calculated on the basis of the first 6 months' data, and so will be significant underestimates.

Programs Provided by Public Institutions

The KIIs suggested that there was a limited number of public institutions providing training to people living in Adana. The available institutions are described below:

1. İŞKUR

The most important of these institutions is İŞKUR, which acts as the public employment agency. İŞKUR is the pioneering public institution providing vocational training programs, as well as job recruitment services all over Turkey. It is also the first public employment service to have been regulated by law (which dates back to 1936-Law No. 3008). İŞKUR was institutionalized by an amendment to the law, in 2003, which stated İŞKUR's aim as "assisting activities of protecting, improving, generalizing employment, and preventing unemployment".

According to legal regulations, unemployed people have to be registered with this institution to be eligible to receive government unemployment cash transfers. İŞKUR also arranges training for unemployed persons, as referenced earlier, throughout the report. In some cases, larger companies ask İŞKUR to deliver direct training sessions. According to the FGD and KII participants, these training sessions are very effective for recruiting skilled workers, and legal subsidies make them more attractive to employers.

The qualitative research also frequently revealed complaints about the bureaucratic procedures of İŞKUR. The paperwork for registering with İŞKUR, particularly for employers, seems particularly burdensome; however, for workers who are already skilled, the services seem to be of value.

2. SEYMER

Another institution providing training is SEYMER, an affiliate of the Seyhan Municipality⁸. SEYMER has 12 locations where training is delivered to Turkish citizens. Training is conducted by expert trainers from many fields, in cooperation with the Public Education Center; the fields include:

⁸ Despite Yüreğir Municipality reporting various training centers, these are largely "Kültürevleri" (culture houses), which organize hobby courses rather than courses concerned with skills related to employability, or which are intended to enhance labor market participation.

- Accounting
- Caregiving
- Chess, guitar and similar
- Computers
- Cooking
- Diction
- Foreign languages
- Foreign trade
- Hairdressing and make-up
- Handicrafts
- Hospital services
- Office management
- Textiles
- Web design

3. Public Education Centers (Halk Eğitim Merkezi)

According to the Ministry of National Education, public education centers (PECs) have been established in every district. In Adana, the total number of PECs is 19, and the majority of them are actively working. The most recent official statistics, from 2016, show that 125,000 individuals attended PEC training, with two-thirds of these attendees being women.

The PECs also function as the main provider of training for local administrations and the general public. The courses have almost the same content as those of SEYMER, and aim to provide lifetime learning to all residents.

Other Programs Provided by Regional and International Organizations

The FGDs and KIIs identified the names, and scale, of organizations providing training for the residents of Adana, and, in particular, activities generally targeted at Syrian refugees. These organizations were:

- KEDV (Foundation for Supporting Women's Work)
- ASAM (The Association for Solidarity with Asylum Seekers and Migrants)
- Kalkınma Atölyesi (Development Workshop)
- IMPR (International Middle East Peace Research Center)
- The Chamber of Industry of Adana

Strategies Targeting Disadvantaged Groups' Employment

The Turkish Labor Agency report (İŞKUR, 2016) explicitly stated only one strategic aim regarding disadvantaged groups in its labor market reports. This aim includes the preparation of appropriate vocational training programs for disadvantaged groups, according to the needs of the labor market, in collaboration with employers who cannot fill available positions. In the same report, similar expressions were included in relation to young people and

women, in terms of generating and improving vocational training opportunities for these groups of people.

In the strategic documents of Adana Vision 2023, which include the plans, actions, and targets of local government, education, and agriculture, no references have been made to the employment of these disadvantaged groups. The implication is that İŞKUR in Adana has yet to formally adapt its vision to including disadvantaged groups such as Syrian refugees and women.

KEDV (Foundation for the Support of Women's Work) is an NGO that mostly conducts its projects by cooperating with local authorities and communities, in order to improve the economic situation of low-income women and to enhance their role as leaders in local development. KEDV is also active in Adana, cooperating with the Seyhan Municipality and Public Education Centers, and is partly funded under the Global Communities program. KEDV's current project in Adana aims to support Syrian women in accessing employment, implemented by around 45 people, including Public Education Center trainers, teachers, translators, and core project crew. The project reaches 560 women, (roughly 460 Syrian women and 100 Turkish women). Training is generally about hairdressing, cosmetics, cooking, office work, and child care.

During one KII, an İŞKUR official indicated that their occupational courses mostly target disadvantaged groups, namely women, men aged 35 or older, disabled persons, and former convicted persons. The second important aspect of their training process is its focus on practise and hands-on learning through qualified instructors ("usta öğreticiler"). Instructors have some level of certification, (with an engineering degree, vocational qualification or higher education degree), and are workers within, or owners of, their own firm. The students both work, and receive training, at their workplace, in the form of an apprenticeship. At the end of this process, the employer/educator has to hire at least 50% of the trainees.

Employers' Perceptions of Local Training Providers

The qualitative research findings have described employers' view that the quality of vocational training is insufficient in Adana. One public officer indicated that **a flaw of vocational training is that it did not respond to the needs of the market, which should have been established in cooperation with trade associations.** Some respondents also stated that people were not adequately informed about the training programs.

Another employer, from the construction sector, stated that vocational high schools and vocational schools in higher education institutions were not producing a qualified work force. An additional problem identified was that professional competence certificates could be obtained easily, without the requirements for qualifications.

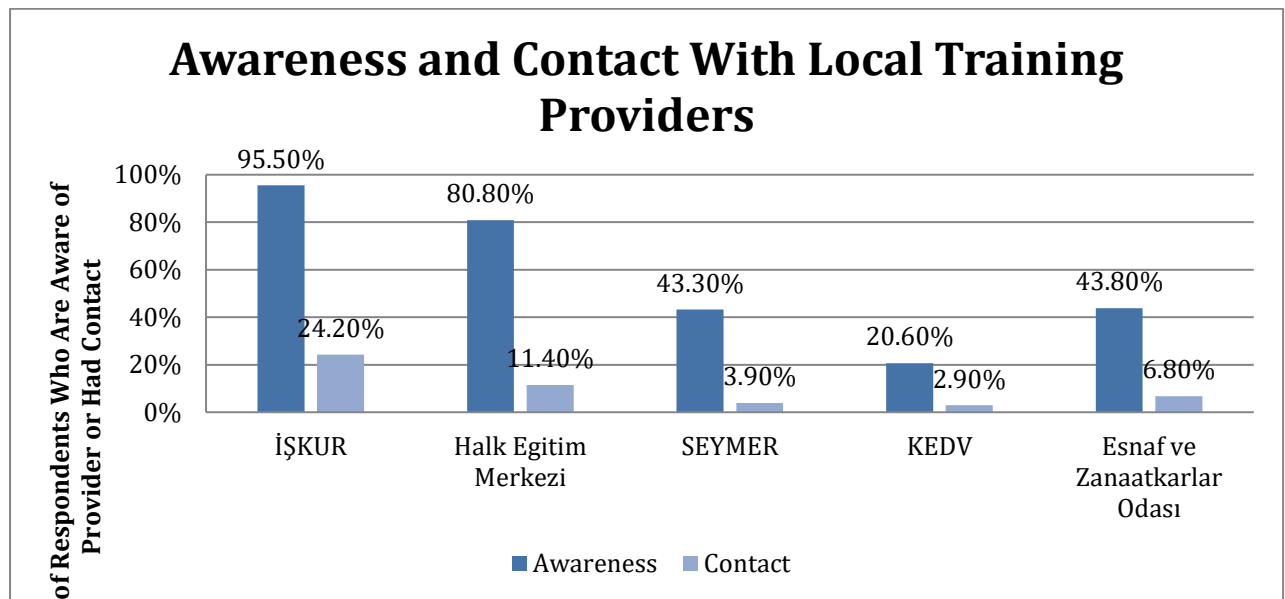
The quantitative research findings gave more detailed information on the situation of local training providers. Only 11% of employed, and 7% of

unemployed, individuals had attended vocational training during the previous five years. Topics of this training were:

- Basic computer literacy
- Accounting
- Job security
- Hair dressing
- Cooking
- Welding and similar activities.

This training was provided by the Public Education Center (Halk Eğitim Merkezi), İŞKUR, and SEYMER.

Figure 37. Awareness of, and Contact with, Local Training Providers



As Figure 37 shows, İŞKUR and Public Education Centers were widely known among people living in Adana; 96% of respondents said that they knew İŞKUR, and 81% were aware of the Public Education Centers. There was awareness of SEYMER among 43.3% of the sample, with about 43.8% being aware of the Chamber of Tradesmen and Craftsmen (Esnaf ve Sanatkarlar Odası).

On the other hand, only 24.2% of respondents had contacted İŞKUR (51% of unemployed people, and 29% of those who were employed), indicating that İŞKUR services were particularly important, and utilized by unemployed residents. When asked about the outcome of contact with İŞKUR, 23% of the unemployed respondents said that they had attended a course, but had failed to subsequently find a job. These findings were consistent with those in relation to other public institutions; the few individuals to have had contact with these institutions did not necessarily learn the required skills they wanted, for the labor force, and were often unsuccessful in securing a job.

Employers that participated in the KIIs mainly emphasized their concerns about the gap between the skills required for their positions, and the training given to young individuals in public vocational schools. The incongruence was mainly reported as a mismatch between the technologies used in the related sectors, and those taught in vocational schools. Similar concerns were stated in the Action Report of the Adana Provincial Board of Employment and Vocational Training (2016), where the Board intended to review and restructure certain curricula for various vocational training centers.

Recommendations

Findings have demonstrated poor vocational training capacity throughout Adana province, where facilities were overstretched and often of poor quality, and not leading to meaningful employment. İŞKUR, the leading provider of vocational training throughout Adana, and the best-known among Adana residents, has a mixed reputation, being largely seen as a valuable recruitment agency for medium-sized and larger corporations. As a vocational training provider, İŞKUR is not perceived to have successful employment outcomes amongst its graduates. Both employers and graduates perceived the İŞKUR courses to not be relevant to the market, and too theoretical, leaving graduates without relevant or practical skills suitable for the modern Adana labor market.

İŞKUR and development organizations, such as NGOs, may largely have the same, aligned objectives, which are, presumably, to improve the life and wellbeing of residents of Adana by improving access to sustainable livelihoods. However, İŞKUR has not explicitly stated any plans to specifically target improving employability among disadvantaged groups, namely women and refugees living in Adana.

Given the limitations of İŞKUR in Adana:

- 1. International and national organizations supporting job creation should share this labor market assessment with İŞKUR, for feedback and reactions, and gauge İŞKUR's willingness to adapt their curricula based on these findings. The feedback from this labor market assessment, and the rigorous mix of evidence from primary and secondary data sources, could inform İŞKUR's curriculum design in terms of pedagogy and training courses, and training materials to support hands-on learning, as well as perceived structural improvements to vocational training center facilities in order to adequately accommodate all students.**

The reactions of İŞKUR may be a key decision-making factor: will İŞKUR continue with "business as usual", or will İŞKUR revisit its curricula to meet the challenges presented by Adana residents' employability, and meet the needs of key local industries? If İŞKUR demonstrates a willingness to work with international and national organizations supporting job creation, to improve employment rates in Adana, then NGOs will have a range of support options.

- 2. Organizations working to support job creation in Adana should provide direct technical assistance to reform provincial curricula, link İŞKUR with local employers to initiate the development of an apprenticeship program, have mentors speak to vocational training students, or provide direct financial support to expand facilities to meet high demand. The primary means of achieving this would be to integrate vulnerable populations into publicly delivered services, assuming that İŞKUR in Adana has the capacity to adapt to emerging sectors, in order to maintain relevance.**

Given the national scope of İŞKUR, it is possible that İŞKUR Adana may not be amenable to immediate changes in programming.

- 3. Alternatively, international and national organizations supporting job creation should consider parallel vocational training programs targeting host communities and refugees, while leveraging other local public institutions (i.e. SEYMER or Public Education Centers) as a delivery platform.**

6. ENTREPRENEURSHIP AND OPPORTUNITIES FOR UNEMPLOYED AND UNDEREMPLOYED WOMEN TO ENGAGE

Microfinance and credit lending are among the most common mechanisms for providing disadvantaged economic groups of people with access to basic financial services, especially women. Projects developed to enable women to be included in the financial system are considered to be beneficial for promoting long-term economic development, and for improving the participation rate of women in the labor market (Yusuf, 2007). In accordance with these findings, economic programs have been developed by the government (Medium Term Economic Program 2016-2018, and Pre-Accession Economic Reform Program, 2017), to improve opportunities for entrepreneurship for women, and to enable other disadvantaged groups to participate in the labor market.

No public MFIs in Turkey have a specific aim of supporting women, and often have unique financial arrangements for entrepreneurs. Two main micro finance institutions, KEDV and Turkey Grameen Micro Finance Program (TGMP)⁹, which are both private organisations, do work to specifically reach out to this target group. Both institutions have branches in Adana, and provide many financial support programs and training activities. Adana Province Social Support Programs and the Turkey Waste Prevention Foundation are other sources providing micro credit for women in Adana. However, people have a low level of knowledge about these two main microfinance institutions (MFIs); only about 7.8% of respondents were aware of Turkey Grameen Micro Finance, and 10.3% were familiar with KEDV. Moreover, the proportion of participants who reported

⁹ By 2015, the number of women who benefited from TGM programs was 63502. The program is operated through 105 branches, with 320 personnel throughout Turkey, and the total amount of credit that has been granted is 317,301,862 TRY (Şenturan and Şentürk, 2016).

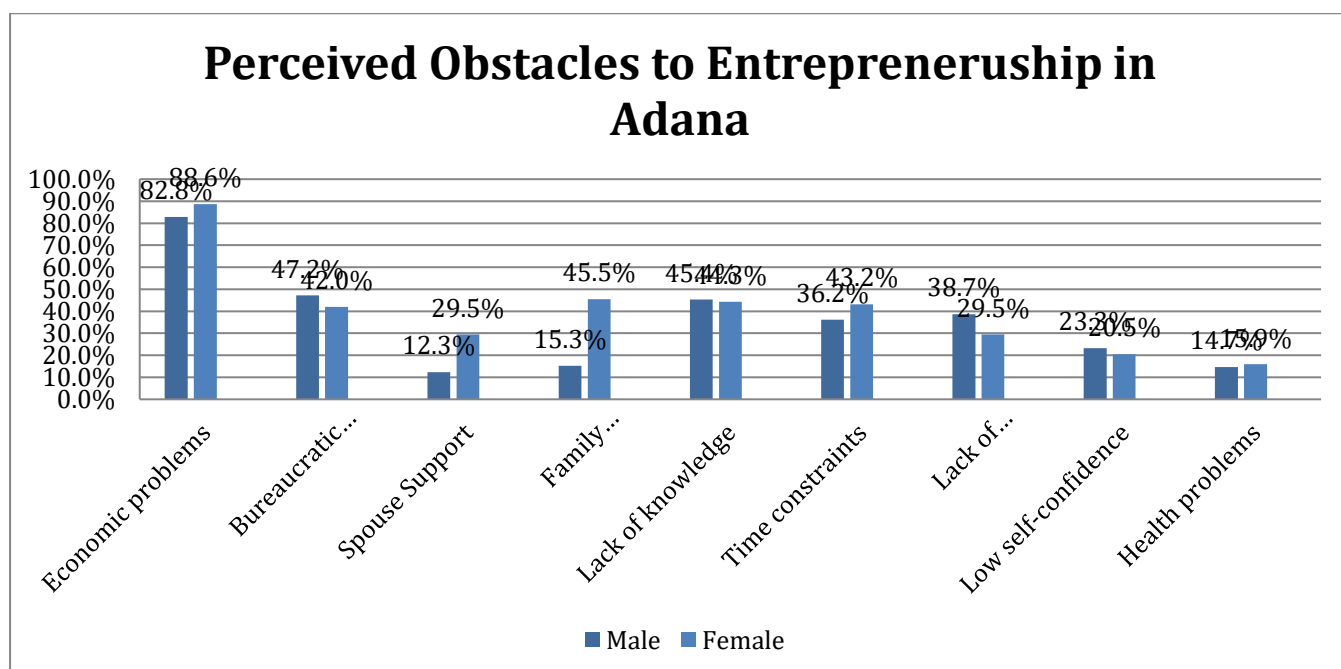
that they knew someone who used micro credits given by these institutions was also quite low (6.9%).

Nationally, throughout Turkey, female uptake of MFI services is quite low. Studies researching the effectiveness of micro finance programs initiated by TGMP have revealed that women are not very engaged in terms of applying for micro credit, deciding on the type of business they wish to launch and the use of credit (Balkız and Öztürk, 2013; Şenturan and Şentürk, 2016).

Despite various government programs supporting micro credit and MFI strengthening, public awareness about these programs and public willingness to initiate entrepreneurship opportunities seem to provide significant opportunities for growth. The quantitative survey findings indicated that knowledge about micro credit is quite low, similar to willingness to embrace self-employment.

Of 1,013 participants, the percentage of those who had a plan to start a business was 24.8%, while 74.6% reported the opposite. Women were less willing (17.9%) to start their own businesses than men (31.3%), while both groups were not particularly enthusiastic. The major cause of unwillingness to engage in entrepreneurship was due to difficulties with finding suitable financing, since most of the focus group participants, both employed and unemployed, reported that funding would be the hardest part of starting a business. The survey results provided the same finding. Figure 38 summarizes the various obstacles to entrepreneurship identified by respondents.

Figure 38. Perceived Obstacles to Entrepreneurship (Percentage of “Yes” Answers)



Both qualitative and quantitative findings revealed that people’s awareness of the opportunities provided by MFIs, and familiarity with micro credit, were quite

low. Of the 1,013 participants, 71.3% reported that they had never heard about micro credit.

Participants were asked about the possible type of business that they would like, hypothetically, to start. Answers varied greatly across the retail sector, and included grocery stores, cafés, and beauty parlors.

Required start-up costs for any business, in Adana, vary by sector. Key variables include registration costs (approximately 4,000 TL throughout Turkey), rent, materials for production (including energy), employee wages, and physical investment (e.g. decoration and furniture). Table 26 estimates capital and operational costs for various small, hypothetical business models in Adana, for a 6-month period.

Table 26. Estimates of Capital and Operational Costs for Hypothetical Businesses in Adana

Business Scenario	Cost Items	Est. Total Costs for 6 months (TL)
Produce at home/sell to intermediaries	Registration + material used for production (incl. energy)	35,000
Produce at home/sell directly to customers on street	Registration + material used for production (incl. energy) + rent + minimum wage for 2 employees + physical investment (i.e. furniture)	50,000
Produce at home/sell to customers in a shop or kiosk in a shopping mall	Registration + material used for production (incl. energy) + rent + minimum wage for 2 employees + physical investment (i.e. furniture)	67,000
Open a services business shop e.g. real estate agency, beauty parlors	Registration + material used for production (incl. energy) + rent + minimum wage for 2 employees + physical investment (i.e. furniture)	70,000 – 100,000

Produce at a shop to directly sell to customers e.g. café, fast-food, restaurant	Registration + material used for production (incl. energy) + rent + minimum wage for 2-4 employees + physical investment (i.e. furniture)	100,000 – 200,000
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In order to fund their desired small business, most participants reported that they would require credit for more than 50,000 TRY. However, the participants also highlighted various challenges they would face if they were to access credit:

- Providing collateral, or having someone who could act as a guarantor
- Making the repayments
- Organizing a team
- Reimbursement meetings
- Problems related to interest rates, late interest, and remunerations
- Utilizing the credit according to the stated aim
- In the case of micro credit provided to a group, indemnifying other members of the group

Demand for Female Entrepreneurship

According to the survey findings, 12.5% of people living in Adana had had experience of entrepreneurship, with about half of these attempts deemed to have been successful. The proportion of women having had entrepreneurship experience was much lower (6%), with women reporting a success story accounting for 3% of all respondents. These figures show that entrepreneurship experience was limited, especially among women.

However, there was much demand for being an entrepreneur, with a quarter of Adana residents being ambitious about becoming an entrepreneur; (the percentage was 17% for women). There appeared to be no linear relationship between the level of education of women and demand for launching a new business. The proportion of women interested in entrepreneurship was almost constant across the different levels of education.

The most preferred businesses were:

- Small merchants (grocery, hairdresser): 37.5%
- Restaurant ownership: 12.5%
- Textile shops: 12.5%

The reasons women gave for choosing these business types were that they believed they had the required skills (92%), perceptions of profitability (77.3%), and the advantages of these businesses leaving enough time for children and family (52.3%). There were 45% of potential women entrepreneurs who specified “a business I can run from my home” as an important factor. This

shows that household care remains an important issue for women, and emphasizes the many roles that women are required to play and consider when participating in the formal labor market.

The women who were potential entrepreneurs stated that they would require initial capital of more than 20,000 TL (77.3% of women), and saw banking credit as the possible source of capital (66.5%), although 39% of the women considered MFIs as a possible source of credit.

According to the participants, the most important obstacles for launching a new business, similar to male respondents, were economic and financial (88.6%). Legal and bureaucratic obstacles (43.2%) and a lack of experience (42%) were considered to be secondary obstacles. The household workload of women (45.5%) and lack of time (42%) were also regarded as considerable obstacles, and this was most probably related to the role of women in Turkish society. A lack of support from the husband/family (20.5%) was seen as a related obstacle.

Recommendations

Although less than a quarter of respondents expressed interest in entrepreneurship, we can infer that this is largely due to the risk of financial loss from an investment. Similarly, among those who did want to start their own business, the number one reason for reluctance was start-up financing. On a similar note, a small minority of respondents were familiar with (public) microfinancing opportunities in Adana, which is likely to explain why the prospect of starting a business may seem like fiction.

Given the challenges for disadvantaged groups in obtaining employment, notably Syrians, entrepreneurship could be a viable option, depending on the competitiveness of the sector. *International and national organizations supporting job creation* can work with communities in Adana to foster entrepreneurship, and work through existing channels to reduce the perceived barriers to starting a business.

1. National and international organizations supporting labor markets in Adana can collaborate with existing MFIs in Adana on a policy level, to verify eligibility requirements, (e.g. "Know Your Customer"), for micro-lending, and to ascertain whether there are any additional measures required to enable Syrians to participate.

Following a bilateral dialogue with MFIs:

2. National and international organizations supporting labor markets in Adana can also identify potential committed, aspiring entrepreneurs who are graduates from vocational training centers, or skilled and unemployed community members, and guide them through the MFI registration process. Through *international and national organizations supporting job creation*, or through NGO facilitation, community members might,

potentially, be better informed about the services MFIs offer, via word-of-mouth and personal recommendations.

In the event of challenges with MFI engagement or time constraints:

3. Piloting direct lending or cash grants to select, low-risk, aspiring entrepreneurs can offset some operational costs (such as rent), to kick-start entrepreneurship. Support from *international and national organizations supporting job creation* can have certain conditions, such as the submission of an approved business plan, the hiring of at least one graduate from a vocational training course, employing at least one Syrian, or *vice versa*, among other implementation design options.

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