

Chapter 21. Turkey's Policy on Employment of Syrian Refugees and its Impact on the Turkish Labour Market

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Introduction

The war in Syria is one of the worst humanitarian crisis of our time, with millions of people forced into refugee status in neighbouring countries. In addition, at least 470,000 Syrians have died in this conflict and Syria has lost 29.8 per cent of its HDI value in 2015 compared to 2010 (SCPR, 2016, p.17). As the immediate neighbour, Turkey has responded to this humanitarian crisis, declaring a temporary protection regime for Syrian asylum-seekers and setting up 26 camps where 267,000 people are currently staying. The country already struggles to cope with nearly 3 million Syrian refugees, and this number may rise further following the agreement to stop Syrian refugees from flooding into the EU.

At first, the Turkish government predicted that Syrian President Bashar Assad would be toppled in a short time and hoped “guests” (a word chosen over refugees) would be able to return home. However, the Syrian crisis enters its six year and Turkey finds itself in a very difficult situation. Accommodating and aiding the large number of Syrian refugees is a great burden for Turkey's public finance. Besides, Turkey has to manage the massive economic, social, demographic and security challenges worsening with each passing day. Even though granting work permits for Syrians hasn't been treated as a priority for a long time, Turkey finally realises that Syrians are staying and need job opportunities to survive.

The temporary protection the Turkish government has granted does not automatically provide Syrians the right to work. On the contrary, work permit applications of those under temporary protection have been rejected until recently (Erdogan & Ünver, 2015, p. 41-42). Initially, Syrians entering the country with valid passports were able to apply for residence permits and then for the right to work. However, most Syrian refugees possess no passport, and the ones with valid passports cannot renew them once they expire. Since the application process was long and cumbersome, Syrians, no matter what their qualifications, were mostly employed illegally and often paid very low wages (Dinçer et al., 2013, p. 25-26).

In a major shift of policy, Turkey has started to offer Syrian refugees work permits. This will most likely have an affect on the Turkish labour market, considering that there are millions of Syrians ready to work. This paper aims to examine the current impact of Syrian refugees on the Turkish labour market at the regional level, and to predict possible changes in wages of the local population and local unemployment levels after the policy goes into effect.

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Turkey's New Regulation Granting Work Permits

The Turkish government announced "Regulation on Work Permits of Foreigners under Temporary Protection" in January 2016. On the eve of this regulation, Deputy Prime Minister Numan Kurtulmuş said that 7,351 Syrians had been granted work permits since the onset of the Syrian crisis, a dramatic statement showing how Syrians were excluded from the formal labour market (Çetingüleç, 2016). Moreover, most of these work permits were acquired by Syrians having adequate capital to start their own business. According to the statistics of the TOBB² and of the Ministry of Economy, 1,599 companies with Syrian partners were established in 2015, and the total number of companies with Syrian capital was 3,680 at the end of the year 2015.

Through the regulation, registered Syrian refugees who have been in Turkey for at least six months are allowed to apply for work permits in the province where they first registered. Work permit applications will be made available online by the employer through the e-government portal. In addition, independent work permit applications can be made by the foreigners under temporary protection by themselves. Syrians with work permits cannot be paid under minimum wage; however, the number of Syrians working in a given enterprise will be limited to 10% of the employed Turkish citizens. Those under temporary protection who will be employed in the seasonal jobs in agriculture and stockbreeding sectors are exempted from the work permit.

Without question, Syrians living in the country were in need of this regulation. However, the regulation on the employment of Syrian refugees might go in effect too late. In most European countries, a Syrian refugee receiving a protection status and temporary residence permit under the 1951 Geneva Convention is able to apply for permanent residence permit (Konle-Seidl & Bolits, 2016, p. 21). For refugees, the Convention provides a first step to obtain a work permit. Additionally, many universities in the EU, the USA, Canada, and Australia offer special scholarships for Syrian refugees to recruit bright Syrian minds. Due to opportunities provided for qualified refugees, many Syrians already left Turkey and made it to Europe and other countries mentioned above. Turkey had similar chances in its history; however, it has failed to take advantage of the influx of highly qualified labour force especially during World War I & II. The contribution of a small number of scholars employed in Istanbul University during World War II shows the opportunities Turkey has missed in the past.

Syrian Refugees and Their Impact on the Turkish Labour Market

Investigating the impact of Syrian refugees on the Turkish labour market is not an easy task since Syrians are mostly employed illegally. Moreover, available data for formal and informal employment do not represent the current situation. Yet there are some attempts to measure the effects of the refugee influx empirically. Akgündüz, van den Berg, and Hassink (2015) perform the difference-in-differences exercise to find the impact of the refugee influx on inflation and employment rates. Their findings suggest that while housing prices increased, employment rates of

² The Union of Chambers and Commodity Exchanges of Turkey.

natives in various skill groups are largely unaffected. Ceritoğlu et al. (2015) perform the same method to compare the outcomes of the natives in the regions that receive refugees to those that don't receive them, before and after the Syrian crisis. They find notable employment losses among informal workers as a consequence of refugee inflows, while the impact of Syrian refugees on wage outcomes were insignificant. According to their results, females, younger workers, and less-educated workers were affected the worst by the refugee influx. Del Carpio and Wagner (2015) find similar results, but also an increase in formal employment – only for Turkish men without completed high school education, though.

All of the studies mentioned above examine the pre-2014 period in Turkey. However, the current Syrian population in Turkey is 5 times more, and all provinces receive Syrian refugees with increasing rates. While Turkey hosts 3 million Syrians, it is hard to claim that there is no effect of Syrians on the Turkish labour market. Even though the current situation is different, the results of these studies indicate some important points.

Table 1 shows the 26 NUTS level-2 regions of Turkey and highlights the six regions having refugee camps. Currently, 267,000 refugees are staying in these camps, and additional hundreds of thousands of Syrians prefer staying in the same regions where camps are located. However, Kızıl (2016) draws on regional data to show that Syrian refugees in other twenty regions start to realise that they will be staying long term in Turkey. Therefore, Syrians under temporary protection seek job opportunities and move to relatively developed regions for livelihood purposes once they realise that they will not return home soon.

In this study, we draw on migration statistics provided by the Ministry of Interior Directorate General of Migration Management (DGMM). Additionally, the numbers of people employed in the regions, regional unemployment rates and population numbers are taken from the Turkish Statistical Institute (Turkstat). We assume that the total number of people employed refers the employment capacity of the given region. These statistics are summarized in Table 2.

Unfortunately, we do not have regional Syrian population data for 2014 to compare with 2015; however, the total number of Syrian refugees in 2014 was 1,519,286 according to the statistics the DGMM provided. In a year, approximately one million Syrians were registered, and possibly, most of these new refugees registered in the border regions. As seen in Table 2, three of the regions where refugee camps are located (TR63, TRC1, and TRC2) hosted more than four hundred thousand refugees each in 2015. The total Syrian population in six regions was 70% of all Syrians registered in Turkey. With regard to this striking ratio, severe effects should be observed in these regions.

TRC3, TRC2, and TR63, three regions with refugee camps, have the highest unemployment rates, according to 2015 statistics. Moreover, unemployment rates increased (0.8%, 0.1%, and 1.0% respectively) in these regions between 2014 and 2015. However, these regions were among the least developed regions in Turkey, even before the refugee influxes started (Kızıl, 2015). Therefore, it cannot be asserted that Syrian refugees are the sole responsible factor in this situation. This is an important point that researchers should not miss. However, there is another region, TRC1, which gives precious information about the effect of Syrian refugees.

According to the results of Kızıl (2015), TRC1 is one of the regions showing significant jumps in the development rankings. Besides, unemployment levels in this region were always below the Turkey average in the recent years. Another important point to note is that TRC1 has the highest Syrian-Turkish population ratio. In the light of these facts, the increase in unemployment level of TRC1 from 8.0% to 9.9% becomes meaningful and gives a clue on the effect of Syrian refugees.

Table 1: NUTS level-2 regions and provinces they cover.

REGION CODE	PROVINCES
TR10	İstanbul
TR21	Tekirdağ, Edirne, Kırklareli
TR22	Balıkesir, Çanakkale
TR31	İzmir
TR32	Aydın, Denizli, Muğla
TR33	Manisa, Afyon, Kütahya, Uşak
TR41	Bursa, Eskişehir, Bilecik
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova
TR51	Ankara
TR52	Konya, Karaman
TR61	Antalya, Isparta, Burdur
TR62	Adana, Mersin
TR63	Hatay, Kahramanmaraş, Osmaniye
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir
TR72	Kayseri, Sivas, Yozgat
TR81	Zonguldak, Karabük, Bartın
TR82	Kastamonu, Çankırı, Sinop
TR83	Samsun, Tokat, Çorum, Amasya
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane
TRA1	Erzurum, Erzincan, Bayburt
TRA2	Ağrı, Kars, Iğdır, Ardahan
TRB1	Malatya, Elazığ, Bingöl, Tunceli
TRB2	Van, Muş, Bitlis, Hakkâri
TRC1	Gaziantep, Adıyaman, Kilis
TRC2	Şanlıurfa, Diyarbakır
TRC3	Mardin, Batman, Şırnak, Siirt

Source: Turkstat.

In order to assess the relationship of refugees' location choice with economic capacity, Pearson's r and Spearman's rank correlation analyses have been performed. The results of these correlation tests are summarized in Table 3. When we consider all NUTS level-2 regions of Turkey, Pearson's r correlation coefficient indicates a weak relation (0.329), Spearman's ρ coefficient indicates a moderate relation (0.521). However, once we take out of the six regions with camps, the relation becomes very strong according to the both correlation methods. This result

is quite important as it shows that finding a job is the primary motivation to migrate from the border regions to the other ones.

Table 2: NUTS level-2 regions and provinces they cover

	Employment Capacity (1000)		Unemployment Rate (%)		Syrian Population	Refugee / Native Population (%)
	2014	2015	2014	2015	2015	2015
TR10	5,053	5,259	11.9	12.9	349,934	2.39
TR21	640	669	7.6	7.3	12,722	0.75
TR22	581	581	5.6	5.3	4,381	0.26
TR31	1,475	1,452	13.9	15.0	81,643	1.96
TR32	1,077	1,098	7.2	6.9	18,173	0.61
TR33	1,108	1,129	3.9	4.1	8,386	0.28
TR41	1,313	1,335	6.2	7.8	83,097	2.14
TR42	1,253	1,288	10.0	10.1	23,040	0.64
TR51	1,762	1,813	11.5	11.2	50,101	0.95
TR52	752	785	5.6	6.5	47,568	2.00
TR61	1,090	1,078	8.3	9.6	8,465	0.29
TR62	1,217	1,271	10.7	9.8	258,940	6.59
TR63	765	754	15.4	16.4	473,034	15.05
TR71	476	494	7.7	9.9	7,387	0.49
TR72	728	748	9.6	9.7	42,261	1.78
TR81	374	359	6.0	7.0	447	0.04
TR82	266	265	6.5	6.8	706	0.09
TR83	913	929	6.2	6.5	3,958	0.15
TR90	911	944	6.2	4.8	2,157	0.08
TRA1	329	341	7.4	5.9	516	0.05
TRA2	369	374	3.4	3.9	1,016	0.09
TRB1	518	532	7.5	8.0	21,156	1.24
TRB2	538	557	13.5	9.5	3,349	0.16
TRC1	673	694	8.0	9.9	472,444	17.73
TRC2	717	771	17.4	17.5	401,685	11.33
TRC3	360	371	24.0	24.8	126,983	5.84
Turkey	25,258	25,891	10.1	10.5	2,503,549	3.18

Source: Turkstat, DGMM, and author calculations.

Table 3: Correlation coefficients.

	Pearson's r	Spearman's rho	N
Employment Capacity	0.329**	0.521**	26
	0.955**	0.835**	20

** Correlation is significant at the 0.01 level (2-tailed)

Source: Author calculations.

As it can be expected, Istanbul (TR10), the region having the most employment capacity, received the highest number of Syrian refugees except for the six regions close to the border. Even though unemployment rate increased one point and this increase is above the Turkey average, we need more data to support the claim that Syrian refugees affect the labour market in TR10 significantly. Besides, there is no sufficient evidence from other regions since the shifts in unemployment rates are not highly correlated with refugee-native population rates. Unemployment rates summarized in table 2 show mixed results.

There are few studies on the effect of Syrian refugees, and they cover only the pre-2014 period due to lack of data. We have some remarkable statistics from the last years, but they are not sufficient to perform econometric methods. Yet, we obtain some valuable information from the previous studies and the analysis above. First, Syrian refugee influx mostly affects informal employment, and disadvantaged groups (such as females and less-educated workers) are affected the most. Second, finding a job is the priority for refugees, and they move to relatively developed regions for livelihood purposes. Third, Syrians might really affect the formal employment level of the regions where the Syrian population highly concentrates. These findings are important to predict the effect of new regulation on the Turkish labour market.

Conclusion

Turkey put into force the regulation granting work permits to those under temporary protection five years after the outbreak of the Syrian crisis. As the country had missed the previous chances to take advantage of the influx of highly qualified labour force, it probably missed this chance as well. Highly qualified workforce has fled mostly to the Europe in these five years.

Turkey hosts millions of Syrian refugees, and they need proper jobs for a dignified life. Previous studies and statistics related to the years before the regulation show that Syrians seek job opportunities, but they are mostly employed illegally. Syrians are considered as a cheap labour force by small firms in Turkey, and it is unlikely that new regulation urges these employers to employ Syrians legally. Syrians, especially with the lack of Turkish language, will be continue to be exploited. However, there are a lot of medium- and large-sized companies searching for qualified workers in Turkey. Now these companies are able to hire Syrian workers through the regulation since they tend to employ workers legally.

Currently, Syrians may be unaware of the regulation, but especially qualified workers will seek better and legal jobs sooner or later. The increase of supply in the informal labour market has prominently affected informal employment of natives. Moreover, the number of Syrians in Turkey has increased tremendously in the last years, and it has already started to affect formal employment of natives in some regions.

Following the regulation, the labour supply in the formal labour market gradually increases; as a consequence, a decrease in wages and an increase in unemployment levels of natives can be expected. However, these effects might be smaller than expected because the regulation brings a 10% quota for the Syrian workforce. We expect that informal employment of Syrians will continue, and

especially low-skilled Turkish workers might lose their jobs or be forced to accept low wages. There will be another competition in the labour market for more qualified Turkish workers as well. However, high-skilled natives might face a weaker competition since highly qualified Syrian workforce has already left the country.

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