

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



**YOUR ONE-STOP-SHOP
IN TURKEY**

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Labor Force and Employment in Turkey

July 2010

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
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IN TURKEY**

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LABOR FORCE AND EMPLOYMENT IN TURKEY

I. LABOR FORCE

A key component of investment is the availability of a skilled workforce. Turkey offers investors a young, talented, motivated and skilled workforce of 25 million. Turkey has the 5th largest labor force compared to the EU and one of the largest labor forces among the developing countries.

Labor Force*		
Rank**	Country	2009
1	China Mainland	792.43
2	India	482.64
5	Brazil	91.74
6	Russia	75.70
8	Mexico	47.04
9	Germany	42.02
12	United Kingdom	31.37
13	France	28.30
14	Italy	24.97
15	Turkey	24.75
17	Spain	23.04
18	Ukraine	22.15
21	Poland	17.16
29	Romania	10.23
31	Netherlands	7.76
33	Portugal	5.58
34	Czech Republic	5.31
35	Greece	4.98
36	Belgium	4.79
37	Sweden	4.78
38	Switzerland	4.73
39	Austria	4.25
40	Hungary	4.20
42	Bulgaria	3.49
44	Israel	3.02
45	Denmark	2.86
46	Slovak Republic	2.69
52	Lithuania	1.64
53	Jordan	1.40
55	Slovenia	1.04
56	Estonia	0.69

*Employed and registered unemployed (millions)

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Turkey has not only one of the largest, but also one of the fastest growing labor forces among the emerging economies.

Labor Force Growth*		
Rank**	Country	2009
3	Jordan	4.39
4	Mexico	4.14
5	Turkey	3.96
9	India	2.84
10	Romania	2.84
13	Israel	1.97
16	Lithuania	1.67
17	Czech Republic	1.53
22	Poland	1.01
25	Greece	0.86
28	China Mainland	0.76
42	Hungary	-0.17
43	Russia	-0.25
44	Slovenia	-0.36
45	Brazil	-0.37
46	Slovak Republic	-0.39
49	Estonia	-0.58
51	Croatia	-0.90
53	Ukraine	-1.10
56	Bulgaria	-1.92

*Percentage change

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

36% of the labor force in Turkey has a high school or higher education diploma.

Labor Force in Turkey (15+ age, March 2010)			
	Education Split of Workforce	Labour force participation rate	Unemployment rate
Total	100%	48%	14%
Illiterate	4%	19%	8%
Less than high school	59%	46%	14%
High and vocational high school	20%	58%	17%
Higher education	16%	79%	10%

Source: Household Labor Force Survey, TURKSTAT

EMPLOYED PEOPLE BY OCCUPATION AND EDUCATION LEVEL ('000 people, 15+ age)

Occupation (ISCO 88)	March 2010	Education Level	2009
Total	21,741	Illiterate	1,002
Legislators, senior, officials and managers	1,894	Less than high school	12,562
Professionals	1,664	High school	2,266
Technicians and associate professionals	1,324	Vocational high school	2,126
Clerks	1,475	Higher education	3,321
Service workers and shop and market sales workers	2,651	Total	21,277
Skilled agricultural, and fishery workers	4,538		
Craft and related trades workers	3,012		
Plant and machine operators and assemblers	2,238		
Elementary occupations	2,944		

Source: Turkish Statistical Institute

EMPLOYED PEOPLE BY ECONOMIC ACTIVITY AND EDUCATION LEVEL IN TURKEY ('000 people, 15+ age, 2009)

	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam, water supply, sewerage etc	Construction	Wholesale and retail trade
Illiterate	797	0	55	5	27	48
Less than high school	4,061	62	2,511	43	955	1,935
High school	185	12	389	15	102	606
Vocational high school	141	13	556	29	112	435
Higher education	55	10	359	21	110	357
Total	5,240	97	3,870	113	1,306	3,381
	Accommodation and food service activities	Transportation and storage	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities
Illiterate	14	8	0	0	0	0
Less than high school	733	634	27	21	33	57
High school	146	134	27	54	11	60
Vocational high school	95	113	30	28	8	64
Higher education	62	97	73	170	9	218
Total	1,049	986	157	273	63	398
	Administrative and support service activities	Public administration and defence	Education	Human health and social work activities	Arts, entertainment and recreation	Other social, community and personal service activities
Illiterate	8	5	0	1	2	30
Less than high school	328	331	71	100	53	606
High school	114	207	45	67	27	67
Vocational high school	92	146	46	114	21	83
Higher education	57	519	805	308	27	63
Total	599	1,207	967	591	130	849

Source: Turkish Statistical Institute

The Turkish labor force is one of the most flexible and skilled workforces in the world, possessing the required qualifications, talent, dedication and motivation. This skilled labor force is capable of meeting the needs of the globally integrated and highly diversified Turkish economy.

Skilled Labor*		
Rank**	Country	2010
1	Israel	7.64
17	Czech Republic	6.42
20	Lithuania	6.32
26	Turkey	5.94
27	Poland	5.87
31	India	5.56
32	Greece	5.55
33	Slovak Republic	5.41
40	Ukraine	5.02
42	Russia	4.99
43	Romania	4.97
46	Jordan	4.88
47	Hungary	4.65
48	China Mainland	4.61
49	Mexico	4.60
51	Estonia	4.50
52	Slovenia	4.23
53	Bulgaria	3.97
54	Croatia	3.89
55	Brazil	3.78

* Skilled labor is readily available; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Competent Senior Managers*		
Rank**	Country	2010
5	Israel	6.61
16	India	6.30
19	Turkey	6.22
32	Poland	5.28
34	Lithuania	5.18
35	Greece	5.16
36	Jordan	4.96
37	Mexico	4.85
38	Czech Republic	4.85
40	Russia	4.78
42	Ukraine	4.55
43	Hungary	4.42
46	Brazil	4.27
47	China Mainland	4.24
48	Slovak Republic	4.22
50	Estonia	4.11
51	Slovenia	4.00
53	Romania	3.94
57	Bulgaria	2.97
58	Croatia	2.81

*Competent senior managers are readily available; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Qualified Engineers*

Rank**	Country	2010
2	Israel	8.87
4	India	8.14
11	Turkey	7.75
17	Greece	7.41
18	Jordan	7.39
21	Lithuania	7.35
34	Poland	6.55
35	Czech Republic	6.55
41	Slovak Republic	6.16
42	Hungary	6.16
43	Mexico	6.08
49	China Mainland	5.68
50	Bulgaria	5.66
51	Croatia	5.65
52	Slovenia	5.57
53	Russia	5.38
54	Brazil	5.32
55	Estonia	5.16
56	Romania	5.12
57	Ukraine	4.98

* Qualified engineers are available in your labor market; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

International Experience*

Rank**	Country	2010
12	Israel	6.22
22	India	5.48
23	Hungary	5.42
25	Ukraine	5.33
29	Turkey	5.26
32	Jordan	5.16
33	Slovak Republic	5.14
34	Lithuania	5.12
35	Romania	5.00
37	Czech Republic	4.91
38	Poland	4.90
39	Brazil	4.88
41	Mexico	4.85
46	Estonia	4.61
47	Greece	4.49
52	Slovenia	4.07
53	Russia	3.86
55	Croatia	3.61
56	Bulgaria	3.56
58	China Mainland	3.38

* International experience of senior managers is generally significant; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Finance Skills*

Rank**		2010
2	Israel	8.09
18	Turkey	7.11
26	India	6.77
30	Greece	6.20
31	Russia	6.14
32	Poland	6.13
33	Czech Republic	6.12
38	Hungary	5.84
39	Ukraine	5.78
41	Slovak Republic	5.57
42	Jordan	5.45
44	Lithuania	5.43
46	Estonia	5.42
49	Slovenia	5.11
50	Brazil	5.05
51	Mexico	5.02
53	China Mainland	4.84
56	Croatia	4.39
57	Romania	4.12
58	Bulgaria	3.80

*Finance skills are readily available; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Information Technology Skills*

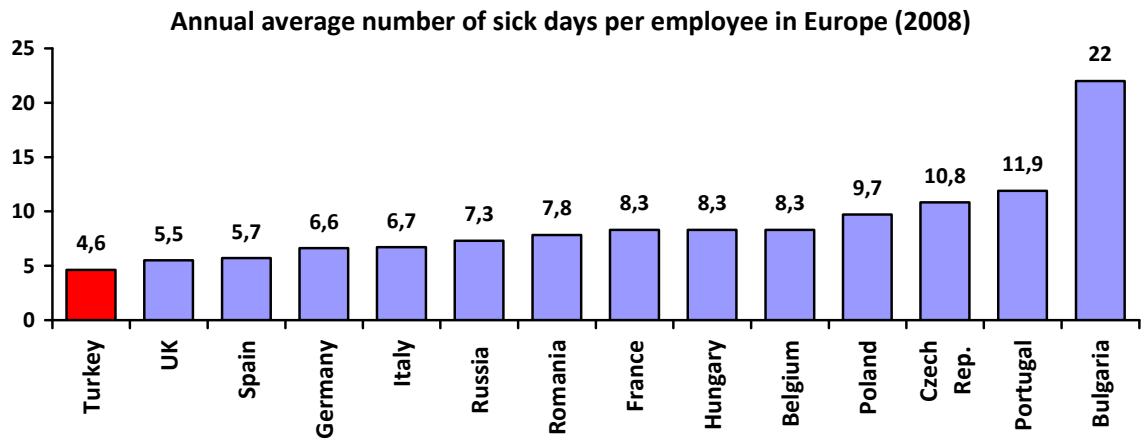
Rank**		2010
2	Israel	8.96
7	India	8.55
18	Lithuania	8.04
22	Czech Republic	7.82
27	Turkey	7.48
30	Jordan	7.37
32	Poland	7.23
33	Bulgaria	7.21
36	Slovenia	7.15
37	Greece	7.09
38	Hungary	7.08
39	Russia	7.07
40	Slovak Republic	6.92
42	Ukraine	6.84
46	Brazil	6.63
47	China Mainland	6.60
49	Croatia	6.53
51	Estonia	6.21
57	Mexico	5.53
58	Romania	5.35

*Information technology skills are readily available; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

The labor force's dedication to work is shown via low absenteeism.



Source: MERCER - Pan-European Employer Health Benefits Issues Survey 2008

A strong work ethic is an important component of the Turkish work culture.

Credibility of Managers*		
Rank**	Country	2010
9	Turkey	6.80
13	India	6.66
19	Brazil	6.48
24	Israel	6.27
27	Estonia	5.86
32	Romania	5.71
35	Mexico	5.53
39	China Mainland	5.26
41	Slovak Republic	5.24
42	Jordan	5.17
44	Greece	5.01
45	Lithuania	4.82
49	Poland	4.48
50	Czech Republic	4.42
52	Hungary	4.16
54	Russia	3.91
55	Bulgaria	3.59
56	Slovenia	3.41
57	Ukraine	3.31
58	Croatia	2.77

*Credibility of managers in society is strong; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Turkish labor force catches the attention of the global business world with its entrepreneurial ability and adaptation skills.

Entrepreneurship*		
Rank**	Country	2010
2	Israel	7.00
5	Estonia	6.93
6	Poland	6.84
9	Lithuania	6.53
10	Turkey	6.52
11	Hungary	6.47
17	Ukraine	6.22
19	India	6.08
25	China Mainland	5.83
29	Greece	5.73
30	Brazil	5.70
33	Romania	5.62
35	Czech Republic	5.58
42	Slovenia	5.38
47	Slovak Republic	5.19
48	Russia	5.11
50	Mexico	4.97
51	Bulgaria	4.80
52	Jordan	4.73
56	Croatia	4.32

* Entrepreneurship of managers is widespread in business; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

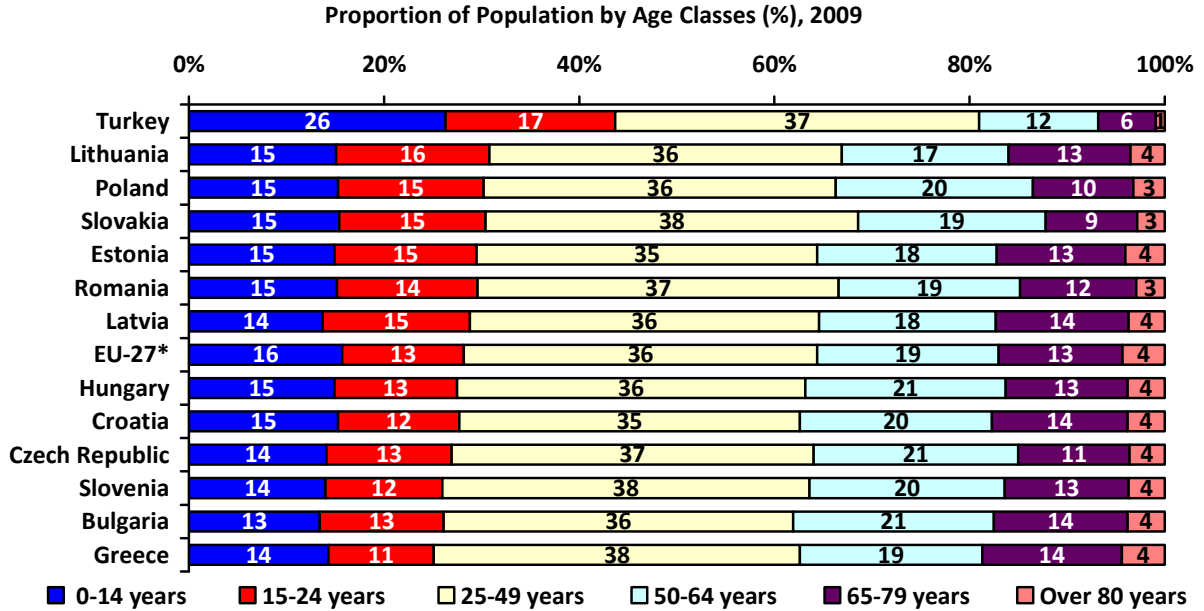
Flexibility and Adaptability*		
Rank**	Country	2010
2	Israel	8.18
4	Brazil	7.90
8	India	7.32
10	Lithuania	7.25
12	Poland	7.16
14	Turkey	7.08
26	Estonia	6.47
28	Ukraine	6.33
30	Slovak Republic	6.28
38	Greece	6.05
42	Czech Republic	5.64
44	China Mainland	5.56
45	Russia	5.46
48	Jordan	5.40
49	Mexico	5.38
52	Romania	5.00
54	Bulgaria	4.75
56	Hungary	3.89
57	Croatia	3.86
58	Slovenia	3.47

* Flexibility and adaptability of people are high when faced with new challenges; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Ageing populations have been seriously hindering economic growth in many developed countries. Today, there are millions of young Turkish people providing developed countries with a pool of skilled young labor force. Turkey has the largest youth population when compared to the EU countries. Over one fourth of the Turkish population is under the age of 15.



Source: EUROSTAT (*2008 data for EU-27)

Ageing of Society*		
Rank**		2010
1	Turkey	8.18
3	India	7.36
9	Israel	6.27
10	Brazil	6.20
11	Mexico	6.17
13	Jordan	6.05
38	Lithuania	3.67
42	China Mainland	3.19
43	Poland	3.18
44	Greece	3.01
46	Ukraine	2.95
47	Slovak Republic	2.81
48	Czech Republic	2.79
49	Russia	2.74
51	Slovenia	2.69
52	Estonia	2.64
53	Romania	2.62
56	Bulgaria	1.70
57	Croatia	1.40
58	Hungary	1.26

* Ageing of society is not a burden for economic development; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

II. LABOR COSTS, WAGES AND WORKING HOURS

It is a well-known fact that the skilled labor force of Turkey is available at very competitive costs compared to the world.

Labor Cost Per Hour in USD

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EGYPT	0.67	0.55	0.55	0.62	0.66	0.73	0.86	0.97	1.09	1.20	1.32	1.46	1.62
INDIA	0.27	0.28	0.46	0.35	0.98	1.19	1.26	1.26	1.51	1.65	1.86	2.09	2.35
MEXICO	1.92	1.88	1.86	1.96	2.13	2.27	2.24	1.84	2.10	2.24	2.34	2.42	2.39
UKRAINE	0.54	0.66	0.85	1.20	1.57	2.04	2.62	1.87	2.08	2.44	2.81	3.24	3.72
CHINA	0.69	0.77	0.87	0.97	1.10	1.35	1.72	1.93	2.24	2.59	2.97	3.47	4.06
MACEDONIA	0.97	1.21	1.38	1.42	1.54	1.81	2.14	2.51	2.32	2.29	n.a.	n.a.	n.a.
TURKEY	1.44	1.81	2.08	2.41	2.50	3.02	3.33	2.98	3.29	3.50	3.73	3.98	4.23
RUSSIAN FED.	0.78	1.00	1.30	1.68	2.19	2.95	3.86	3.29	3.85	4.18	4.59	5.10	5.71
BULGARIA	1.24	1.57	1.83	2.01	2.22	2.92	3.85	4.13	3.92	3.94	4.12	4.37	4.73
BRAZIL	2.27	2.18	2.41	3.14	3.81	4.66	5.51	5.23	6.16	6.32	6.40	6.60	6.80
CROATIA	2.62	3.26	3.84	4.09	4.38	5.03	5.85	5.60	5.36	5.22	5.28	5.52	5.88
ROMANIA	1.58	1.98	2.46	3.23	3.98	5.63	6.73	6.00	5.83	5.93	6.32	6.98	7.90
LATVIA	2.26	2.68	3.12	3.48	4.31	6.18	8.34	7.27	6.27	5.99	6.09	6.30	6.69
LITHUANIA	2.74	3.51	4.13	4.60	5.44	7.14	9.13	8.28	6.94	6.73	6.85	7.07	7.51
HUNGARY	4.62	5.76	6.77	7.48	7.68	9.49	10.88	9.30	8.69	8.87	9.35	9.93	10.69
SLOVAKIA	2.86	3.83	4.74	5.28	6.28	7.57	9.56	9.60	9.08	9.35	10.08	11.01	12.38
ESTONIA	3.42	4.50	5.28	5.87	6.89	9.06	11.04	9.95	8.65	8.38	8.60	8.95	9.55
POLAND	5.08	5.52	6.11	7.19	7.88	9.72	12.33	10.09	10.34	10.73	11.68	13.00	14.14
SLOVENIA	5.16	6.64	7.62	8.00	8.46	9.78	11.37	11.14	10.21	10.05	10.35	10.55	11.23
ISRAEL	9.17	9.41	9.67	10.18	10.66	11.72	13.97	12.73	13.45	13.68	13.86	13.94	14.64
CZECH REPUBLIC	5.07	6.23	7.27	8.19	9.25	11.05	14.23	13.19	12.47	12.74	13.59	14.44	15.54
GREECE	9.17	11.86	14.52	15.17	15.96	18.03	21.13	21.60	20.21	18.78	17.95	17.81	18.46

Actual: Blue, Estimate: Magenta, Forecasts: Dark Red.

Ranked by 2009.

Source: EIU, July 2010. Average cost of labor per hour (pay and non-pay costs).

Overall Unit Labour Costs Level (Index, US=100)

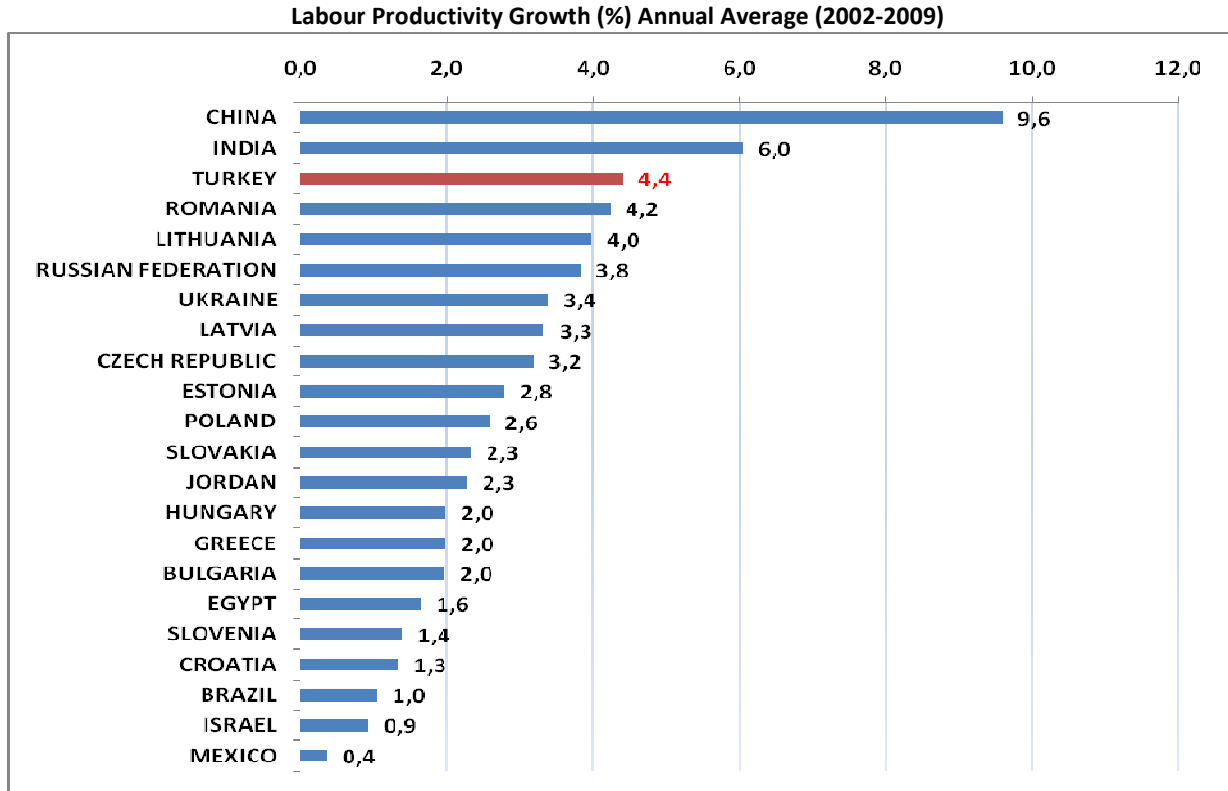
Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
TURKEY	19.4	22.2	24.6	26.4	24.7	26.1	28.4	26.4	28.3	29.0	29.7	30.4	31.2
MEXICO	33.1	31.7	30.7	31.2	31.2	31.7	30.7	26.7	29.6	30.5	30.9	31.3	31.6
BULGARIA	11.8	14.5	16.7	17.2	17.1	20.9	26.5	27.6	26.4	25.6	25.3	24.9	24.6
EGYPT	25.7	20.6	20.7	22.7	23.0	24.3	26.5	28.6	31.1	33.0	n.a.	n.a.	n.a.
SLOVAKIA	24.0	30.7	36.8	39.3	38.9	40.8	44.4	42.1	37.5	36.5	36.2	35.9	35.5
UKRAINE	n.a.	n.a.	n.a.	31.9	37.7	44.4	54.2	43.2	46.6	52.2	56.7	61.8	67.5
RUSSIAN FED.	18.1	21.5	26.4	31.2	37.0	45.8	55.6	49.4	55.9	58.2	60.7	63.2	65.9
HUNGARY	32.7	40.8	44.8	46.7	44.4	52.7	58.0	50.9	46.8	46.4	47.1	47.3	47.7
ROMANIA	22.0	25.7	29.5	37.0	41.0	53.8	58.3	53.2	52.6	51.4	52.2	52.7	53.1
POLAND	42.3	43.2	45.0	51.5	51.6	58.9	71.9	56.7	54.7	55.4	57.4	59.5	62.2
CZECH REPUBLIC	33.7	40.8	45.1	47.8	49.2	54.8	67.9	63.2	58.2	57.7	58.3	59.2	60.9
ISRAEL	64.4	65.1	65.3	64.7	63.5	67.7	78.0	70.0	74.1	73.6	n.a.	n.a.	n.a.
CHINA	57.5	58.8	60.6	62.8	64.2	69.3	79.6	81.4	87.1	92.2	96.8	101.8	107.6
BRAZIL	44.0	41.9	45.5	59.3	67.5	76.3	86.3	82.2	92.9	91.4	89.2	86.9	84.8
GREECE	52.5	62.9	68.1	69.8	69.1	73.7	83.2	84.3	81.3	76.9	71.2	66.5	61.6
INDIA	47.6	43.1	66.3	44.6	110.9	120.6	117.6	107.4	119.8	120.1	122.9	126.0	129.6

Actual: Blue, Estimate: Magenta, Forecasts: Dark Red.

Ranked by 2009.

Source: EIU, July 2010. The labour cost of producing one unit of output (GDP) indexed to US=100 by the EIU. Defined with respect to real GDP per worker in PPP, and the average monthly wage in US\$.

While the labor cost in Turkey is considerably lower than in rival countries, the growth rate in labor productivity has been impressively higher in recent years. Lower labor cost and lower average wages together with increasing labor productivity is creating highly profitable opportunities for investors in Turkey.



Source: EIU, July 2010. Efficiency of labour measured in terms of output per worker (real GDP per person employed)

Productivity in Industry (PPP)*		
Rank**	Country	2009
18	Israel	77,003
26	Greece	61,796
27	Jordan	61,549
30	Turkey	54,970
31	Slovenia	54,802
33	Czech Republic	48,812
35	Mexico	48,540
36	Hungary	46,533
38	Croatia	44,573
39	Poland	43,789
40	Lithuania	42,644
41	Russia	41,064
42	Slovak Republic	39,692
43	Romania	39,396
46	Estonia	34,653
51	Bulgaria	25,662
53	Brazil	22,134
54	Ukraine	21,694
55	China Mainland	18,196
57	India	10,812

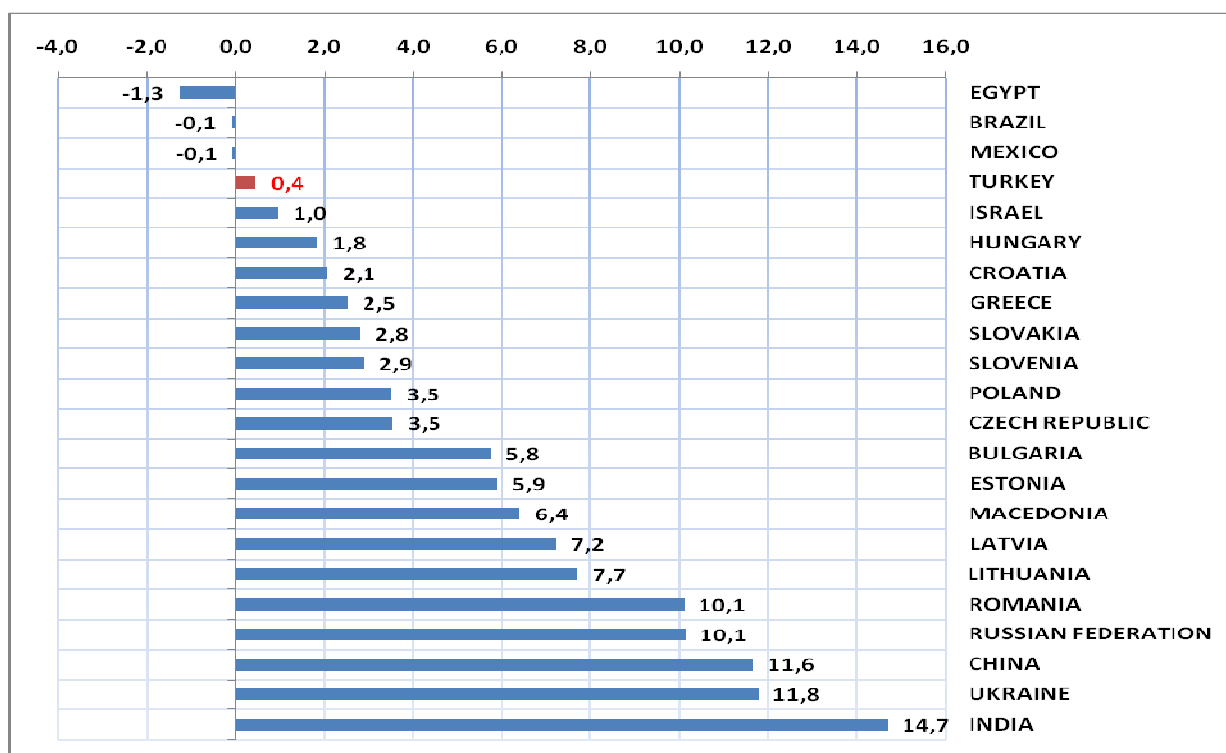
* Estimates: Related GDP (PPP) per person employed in industry, US\$

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

In recent years, the rate of increase in wages and labor costs in Turkey has come out to be one of the lowest ones among the developing countries.

Real Wages (average % change between 2002-2009)



Source: EIU, July 2010. Percentage change in hourly wages in local currency adjusted for inflation.

Unit Labour Cost Index (US\$, 2005=100)

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
MEXICO	100.40	94.98	93.44	100.00	102.20	104.33	104.59	92.40	102.00	106.80	110.10	112.20	108.80
HUNGARY	67.47	84.53	94.13	100.00	99.50	120.60	134.40	117.20	108.20	108.50	112.20	117.40	124.00
ISRAEL	94.54	96.66	98.24	100.00	102.09	112.07	132.64	121.10	126.80	127.70	127.60	126.10	130.00
TURKEY	59.40	74.70	90.30	100.00	98.90	110.50	126.20	121.70	133.40	142.00	151.30	162.30	172.80
POLAND	76.28	79.82	85.56	100.00	106.42	125.88	157.21	126.30	124.30	125.80	133.40	145.30	154.00
GREECE	71.44	86.59	95.60	100.00	102.84	113.30	131.20	135.10	129.90	124.80	117.70	115.90	118.40
SLOVENIA	68.79	86.45	98.47	100.00	102.14	115.13	132.50	137.60	123.60	120.50	122.60	123.70	130.30
CROATIA	70.89	83.99	97.00	100.00	104.20	117.80	137.90	140.00	135.50	131.50	130.80	133.80	141.90
CZECH REPUBLIC	69.76	82.90	92.75	100.00	107.11	122.91	153.80	141.40	134.50	137.00	145.00	153.10	165.30
CHINA	87.13	90.35	94.64	100.00	106.10	117.69	138.70	144.00	153.60	164.60	175.80	191.20	209.10
EGYPT	112.70	90.30	89.30	100.00	106.40	117.20	134.50	150.70	165.30	180.70	198.20	217.10	241.40
UKRAINE	55.10	61.90	71.00	100.00	122.50	148.50	186.50	151.10	163.10	184.60	204.10	226.50	250.10
BRAZIL	72.20	69.50	76.80	100.00	118.40	138.80	160.70	154.80	173.90	174.90	173.60	175.20	176.50
SLOVAKIA	63.87	81.04	92.88	100.00	105.99	127.55	155.00	155.10	135.30	132.90	135.60	138.00	143.80
MACEDONIA	83.20	98.51	103.05	100.00	106.50	120.50	135.60	160.40	146.20	140.10	n.a.	n.a.	n.a.
LITHUANIA	73.40	86.00	94.36	100.00	111.41	136.39	168.11	166.70	138.50	132.10	132.30	132.10	136.50
ROMANIA	55.75	66.86	78.40	100.00	116.64	158.29	179.41	168.80	163.80	164.50	169.90	180.70	197.50
ESTONIA	58.30	76.71	90.06	100.00	117.50	154.40	188.10	169.50	147.30	142.90	146.60	152.50	162.70
RUSSIAN FED.	55.22	66.84	82.33	100.00	123.84	158.18	197.65	178.54	201.40	212.60	225.90	242.80	262.50
BULGARIA	62.57	79.48	94.61	100.00	104.42	132.69	174.29	182.30	171.70	168.30	170.80	175.60	184.50
LATVIA	79.00	90.10	97.50	100.00	116.00	155.60	220.50	204.90	175.20	164.50	163.00	167.00	174.50
INDIA	102.12	93.32	145.54	100.00	258.46	290.60	292.90	273.40	304.80	311.60	326.30	342.30	359.80

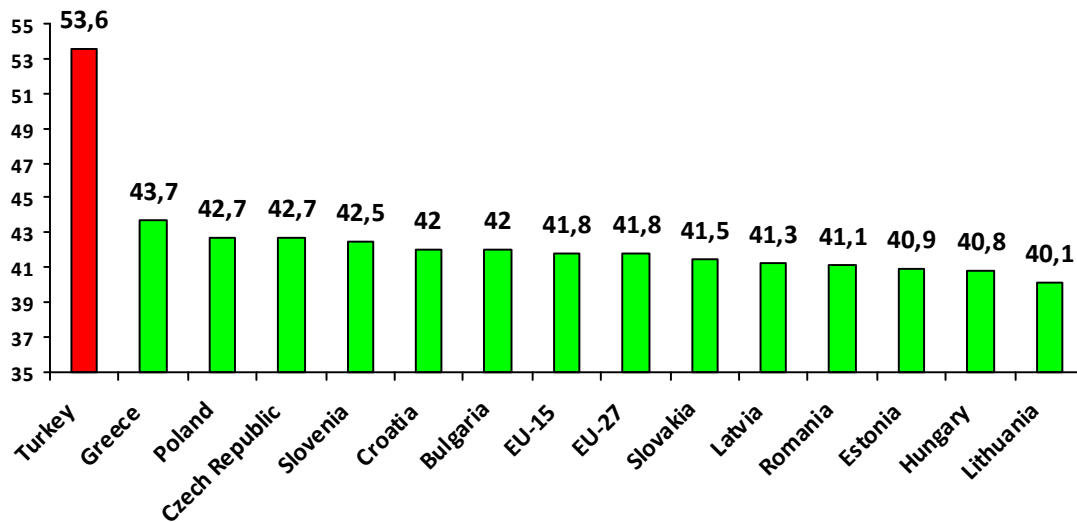
Actual: Blue, Estimate: Magenta, Forecasts: Dark Red.

Ranked by 2009.

Source: EIU, July 2010. The unit labour cost index in US\$ rebased to 2005=100 by the EIU.

The competitive advantage of Turkish labor force is vindicated through dedicated long-hour working time. Turkey has the longest working hours in Europe.

Hours worked per week of full-time employment - Annual Average (2008)



Source: EUROSTAT, (*2007 data for EU-27 & EU-15)

Note: The average number of hours corresponds to the number of hours the person normally works. This covers all hours including extra hours, either paid or unpaid, which the person normally works.

The number of working hours in Turkey is very competitive also compared to the developing countries.

Working Hours*		
Rank**	Country	2009
4	Mexico	2,260
6	India	2,181
7	Jordan	2,178
10	Croatia	2,164
11	Turkey	2,152
17	China Mainland	1,999
19	Bulgaria	1,993
22	Ukraine	1,960
23	Israel	1,916
26	Hungary	1,909
28	Slovenia	1,870
30	Czech Republic	1,859
32	Greece	1,827
32	Slovak Republic	1,827
34	Brazil	1,825
36	Lithuania	1,798
43	Russia	1,763
44	Estonia	1,762
46	Poland	1,756
54	Romania	1,712

*Average number of working hours per year

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Actual Weekly Working Hours and Monthly Average Labor Cost by Economic Activity of Establishment 2008 (TRY*)

Economic activity	Distribution of employees (%)	Actual weekly working hours	Hourly average gross wage	Hourly average gross earnings	Hourly average labor cost	Monthly average gross wage	Monthly average gross earnings	Monthly average labor cost
TOTAL	100.0	42.3	7.5	8.2	10.0	1 383	1 498	1 833
Mining and quarrying	1.6	41.4	8.2	9.5	12.4	1 466	1 703	2 222
Manufacturing	40.9	42.7	6.2	6.9	8.5	1 154	1 269	1 576
Manufacture of food products, beverages & tobacco	4.3	43.1	6.5	7.3	9.0	1 210	1 363	1 681
Manufacture of textiles and textile products	12.4	42.4	4.5	4.8	5.9	826	874	1 091
Manufacture of leather and leather products	0.7	42.2	4.2	4.4	5.4	768	802	988
Manufacture of wood and wood products	0.5	42.9	5.1	5.4	6.7	955	1 008	1 250
Manufacture of pulp, paper and paper products; publishing and printing	1.6	42.6	6.6	7.4	9.2	1 212	1 369	1 698
Manufacture of coke, refined petroleum products and nuclear fuel	0.2	41.0	24.3	27.2	34.3	4 319	4 830	6 094
Manufacture of chemicals, chemical products and man-made fibers	1.4	41.7	11.6	13.9	17.3	2 102	2 510	3 127
Manufacture of rubber and plastic products	2.0	43.6	5.4	6.0	7.4	1 020	1 140	1 404
Manufacture of other non-metallic mineral products	2.8	43.6	6.2	6.8	8.5	1 166	1 290	1 601
Manufacture of basic metals and fabricated metal products	4.6	43.4	7.3	8.0	9.9	1 378	1 496	1 863
Manufacture of machinery and equipment n.e.c.	3.0	42.3	6.5	7.0	8.7	1 197	1 293	1 595
Manufacture of electrical and optical equipment	1.9	42.0	7.4	8.4	10.5	1 343	1 526	1 909
Manufacture of transport equipment	3.6	42.6	8.7	9.6	11.8	1 596	1 766	2 184
Manufacturing n.e.c.	2.0	42.4	4.7	5.0	6.2	870	920	1 145
Electricity, gas and water supply	1.1	40.0	14.4	16.6	20.7	2 506	2 881	3 593
Construction	6.4	43.9	4.4	4.5	5.5	844	859	1 055
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	13.0	43.0	7.1	7.6	9.3	1 316	1 424	1 725
Hotels and restaurants	4.6	44.6	5.1	5.3	6.5	981	1 023	1 254
Transport, storage and communication	7.0	41.4	10.4	11.4	14.3	1 857	2 046	2 558
Financial intermediation	4.2	38.0	19.2	21.7	25.9	3 156	3 576	4 264
Real estate, renting and business activities	9.5	42.6	6.9	7.2	8.7	1 264	1 322	1 597
Education	4.0	39.0	9.7	9.9	11.8	1 630	1 673	1 993
Health and social work	5.5	41.2	10.7	11.0	12.8	1 919	1 960	2 288
Other community, social and personal service activities	2.2	41.3	9.3	10.1	12.4	1 669	1 804	2 214

Source: TURKSTAT, Labor Cost Survey Results * USD 1 = TRY 1.296 in 2008

Actual Weekly Working Hours and Monthly Average Wage by Regions , 2008			
	Actual weekly working hours	Monthly average gross wage	Monthly average labour cost
	(hour)	(TRY)	
Total	42.3	1,383	1,833
Istanbul	41.9	1,544	2,034
West Marmara	42.7	1,148	1,577
Aegean	42.9	1,223	1,653
East Marmara	42.6	1,268	1,711
West Anatolia	41.8	1,599	2,105
Mediterranean	42.7	1,214	1,596
Central Anatolia	42.5	1,084	1,429
West Blacksea	41.9	1,414	1,864
East Blacksea	42.0	1,180	1,500
Northeast Anatolia	42.8	1,255	1,715
Middleeast Anatolia	43.1	1,048	1,331
Southeast Anatolia	42.7	1,094	1,420

Monthly labour cost: Include the total payments made to employees by employer (earnings), social security payments and other labour cost expenses. Monthly labour cost is the monthly average of total employment costs of employer in the reference year.

Monthly wage: Include the sum of basic gross wages, over time payments and other regular payments paid to employees. The monthly wage is the monthly average of these kind of payments made to employee by employer in the reference year.

Actual working hours: Regardless of the contractual working hours pertaining to basic wage, corresponds to the hours actually worked in the establishment. Paid and unpaid overtime working hours are included and paid but not worked days like annual vacations or public holidays are excluded.

Source: TurkStat, Labour Cost Survey Results 2008

Compensation Levels*		
Rank**	Country	2008
1	India	0.85
3	Ukraine	1.74
4	China Mainland	1.75
5	Bulgaria	2.35
6	Turkey	2.50
7	Mexico	2.92
8	Jordan	3.25
10	Russia	3.75
13	Brazil	5.96
14	Poland	6.25
17	Slovak Republic	6.70
18	Estonia	6.79
20	Hungary	7.98
22	Lithuania	8.30
23	Czech Republic	8.31
25	Croatia	10.12
26	Israel	13.99
28	Slovenia	17.22
30	Greece	18.00

* Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

AVERAGE WAGES FOR SELECTED TITLES*

GENERAL MANAGER	
TOTAL ANNUAL COMPENSATION	
First (1) Level Total Annual Compensation :	501,978 TRY
Second (2) Level Compensation :	243,086 TRY
Third (3) Level Compensation :	126,958 TRY
Minimum Annual Compensation :	92,000 TRY
Lower Quartile :	161,916 TRY
Average Annual Compensation :	267,376 TRY
Upper Quartile :	324,256 TRY
Maximum Annual Compensation :	679,700 TRY
MONTHLY SALARIES	
Lower Quartile :	12,800 TRY
Average Monthly (mean) :	18,919 TRY
Median :	17,708 TRY
Mode :	0 TRY
Upper Quartile :	21,226 TRY
YEARLY ALLOWANCES (average) :	91,075 TRY
AVERAGE AGE :	50
EDUCATION LEVEL :	University: %100, High: %0, Primary: %0
LENGTH OF SERVICE :	10

GENERAL DESCRIPTION OF THE JOB:

Plans, organizes, controls, co-ordinates and directs on behalf of the Board of Directors or the owner, the operations of an industrial or commercial enterprise. His responsibilities include, formulating and determining, within the powers delegated to him, the general policies and programs of the enterprise; controlling and coordinating activities of functional sections; conducting or directing negotiations on behalf of the undertaking, and approving of senior appointments.

MARKETING MANAGER	
TOTAL ANNUAL COMPENSATION	
First (1) Level Total Annual Compensation :	251,655 TRY
Second (2) Level Compensation :	113,824 TRY
Third (3) Level Compensation :	56,073 TRY
Minimum Annual Compensation :	47,808 TRY
Lower Quartile :	64,338 TRY
Average Annual Compensation :	130,174 TRY
Upper Quartile :	163,310 TRY
Maximum Annual Compensation :	340,000 TRY
MONTHLY SALARIES	
Lower Quartile :	5,357 TRY
Average Monthly (mean) :	9,606 TRY
Median :	6,830 TRY
Mode :	0 TRY
Upper Quartile :	11,319 TRY
YEARLY ALLOWANCES (average) :	34,357 TRY
AVERAGE AGE :	37
EDUCATION LEVEL :	University: %100, High: %0, Primary: %0
LENGTH OF SERVICE :	6

GENERAL DESCRIPTION OF THE JOB:

Plans, organizes, controls, co-ordinates and directs the marketing and sales operations of an industrial or commercial enterprise. Participates in the development and formulation of the marketing policy. Assesses market potential and evaluates sales performance, determines price schedules, discount and delivery terms, staff and sales promotion budgets. Reports to the progress of marketing. Plans, organizes and controls

* Poyraz Consulting Inc., 2010. USD 1 = TRY 1.5328 as of July 16th, 2010.

market research, negotiates with advertising and similar agencies on the preparations and presentation of promotion, advertising and publicity material. May personally negotiate major sales contracts.

FACTORY MANAGER	
TOTAL ANNUAL COMPENSATION	
First (1) Level Total Annual Compensation :	240,483 TRY
Second (2) Level Compensation :	152,620 TRY
Third (3) Level Compensation :	85,399 TRY
Minimum Annual Compensation :	84,099 TRY
Lower Quartile :	86,700 TRY
Average Annual Compensation :	149,313 TRY
Upper Quartile :	218,539 TRY
Maximum Annual Compensation :	262,426 TRY
MONTHLY SALARIES	
Lower Quartile :	5,381 TRY
Average Monthly (mean) :	9,224 TRY
Median :	7,900 TRY
Mode :	0 TRY
Upper Quartile :	9,363 TRY
YEARLY ALLOWANCES (average) :	48,275 TRY
AVERAGE AGE :	43
EDUCATION LEVEL :	University: %99, High: %1, Primary: %0
LENGTH OF SERVICE :	11

GENERAL DESCRIPTION OF THE JOB:

Plans, organizes, controls, co-ordinates and directs all factory operations. Participates in the development and formulation of policies in regard to Plant Management. Assesses the capacity and performance of the factory; determines the measures to be taken to improve efficiency, total output, industrial relations and manufacturing cost of products. Reports to the General Manager regularly on all aspects of operations. Takes personnel actions in the plant as required.

FINANCE MANAGER	
TOTAL ANNUAL COMPENSATION	
First (1) Level Total Annual Compensation :	184,208 TRY
Second (2) Level Compensation :	117,279 TRY
Third (3) Level Compensation :	59,456 TRY
Minimum Annual Compensation :	48,771 TRY
Lower Quartile :	70,142 TRY
Average Annual Compensation :	119,459 TRY
Upper Quartile :	164,417 TRY
Maximum Annual Compensation :	204,000 TRY
MONTHLY SALARIES	
Lower Quartile :	5,845 TRY
Average Monthly (mean) :	9,159 TRY
Median :	8,573 TRY
Mode :	0 TRY
Upper Quartile :	11,691 TRY
YEARLY ALLOWANCES (average) :	31,275 TRY
AVERAGE AGE :	42
EDUCATION LEVEL :	University: %99, High: %1, Primary: %0
LENGTH OF SERVICE :	7

GENERAL DESCRIPTION OF THE JOB:

Directs finance, reporting, budgeting and often accounting functions of the corporation as well as forecasts for future growth and general economic outlook. Oversees the budget operations and also responsible for negotiation and administration of leases, acquisitions, banking and insurance arrangements and contracts. Management and control of cash, payables and receivables and preparation of cash flow projections are also his duties.

PRODUCTION SUPERVISOR

TOTAL ANNUAL COMPENSATION

First (1) Level Total Annual Compensation	:	120,475 TRY
Second (2) Level Compensation	:	70,725 TRY
Third (3) Level Compensation	:	29,150 TRY
Minimum Annual Compensation	:	19,800 TRY
Lower Quartile	:	38,500 TRY
Average Annual Compensation	:	71,649 TRY
Upper Quartile	:	102,950 TRY
Maximum Annual Compensation	:	138,000 TRY

MONTHLY SALARIES

Lower Quartile	:	2,915 TRY
Average Monthly (mean)	:	5,285 TRY
Median	:	3,586 TRY
Mode	:	0 TRY
Upper Quartile	:	7,000 TRY

YEARLY ALLOWANCES (average)	:	15,275 TRY
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AVERAGE AGE	:	39
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EDUCATION LEVEL	:	University: %92, High: %8, Primary: %0
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LENGTH OF SERVICE	:	9
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GENERAL DESCRIPTION OF THE JOB:

Supervises, co-ordinates and controls the activities of a workshop. Studies production programs and estimates manpower requirements, interprets specifications, blue prints and job orders. Estimates supplies and materials needed and makes requisitions. Establishes work procedures. Assigns duties to workers. Co-ordinates the work of the workshop. Supervises the activities of subordinate foreman and takes disciplinary measures.

ENGINEER

TOTAL ANNUAL COMPENSATION

First (1) Level Total Annual Compensation	:	107,113 TRY
Second (2) Level Compensation	:	50,593 TRY
Third (3) Level Compensation	:	28,942 TRY
Minimum Annual Compensation	:	21,772 TRY
Lower Quartile	:	36,111 TRY
Average Annual Compensation	:	56,171 TRY
Upper Quartile	:	65,075 TRY
Maximum Annual Compensation	:	149,152 TRY

MONTHLY SALARIES

Lower Quartile	:	2,762 TRY
Average Monthly (mean)	:	4,384 TRY
Median	:	3,409 TRY
Mode	:	0 TRY
Upper Quartile	:	5,252 TRY

YEARLY ALLOWANCES (average)	:	13,287 TRY
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AVERAGE AGE	:	32
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EDUCATION LEVEL	:	University: %100, High: %0, Primary: %0
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LENGTH OF SERVICE	:	4
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GENERAL DESCRIPTION OF THE JOB:

Designs projects and offers on the areas of mechanical, electrical, electronic, chemical, civil, metallurgical, mining, industrial, agricultural or other branches of engineering. Specializes in a particular field and is designated accordingly. Studies operating requirements, engages in research and development; advises, designs, supervises the technical aspects of manufacturing of construction; estimates labor, material and total costs; supervises installation operation, maintenance and repair work. Checks the completed work or processes to ensure compliance with specifications and safety standards.

FOREMAN

TOTAL ANNUAL COMPENSATION

First (1) Level Total Annual Compensation	:	30,444 TRY
Second (2) Level Compensation	:	19,626 TRY
Third (3) Level Compensation	:	14,002 TRY
Minimum Annual Compensation	:	13,350 TRY
Lower Quartile	:	14,655 TRY
Average Annual Compensation	:	21,082 TRY
Upper Quartile	:	24,598 TRY
Maximum Annual Compensation	:	36,290 TRY

MONTHLY SALARIES

Lower Quartile	:	1,255 TRY
Average Monthly (mean)	:	1,656 TRY
Median	:	1,406 TRY
Mode	:	0 TRY
Upper Quartile	:	1,834 TRY

YEARLY ALLOWANCES (average)	:	6,808 TRY
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AVERAGE AGE	:	38
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EDUCATION LEVEL	:	University: %7, High: %59, Primary: %34
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LENGTH OF SERVICE	:	7
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GENERAL DESCRIPTION OF THE JOB:

Foreman; is responsible for providing efficiency from machines and manpower of labourers and securing discipline in his/her department. Establishing sound performance of the machines, mass production bands and other associated equipment in the production line and controlling them when necessary are his other essential responsibilities. The foreman generally reports to the shop chief, production chief or maintenance chief and is a graduate of a technical school.

SKILLED TECHNICAL STAFF

TOTAL ANNUAL COMPENSATION

First (1) Level Total Annual Compensation	:	33,533 TRY
Second (2) Level Compensation	:	18,308 TRY
Third (3) Level Compensation	:	13,735 TRY
Minimum Annual Compensation	:	12,600 TRY
Lower Quartile	:	14,869 TRY
Average Annual Compensation	:	20,800 TRY
Upper Quartile	:	21,746 TRY
Maximum Annual Compensation	:	45,320 TRY

MONTHLY SALARIES

Lower Quartile	:	1,082 TRY
Average Monthly (mean)	:	1,576 TRY
Median	:	1,429 TRY
Mode	:	1,600 TRY
Upper Quartile	:	1,770 TRY

YEARLY ALLOWANCES (average)	:	5,274 TRY
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AVERAGE AGE	:	33
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EDUCATION LEVEL	:	University: %24, High: %59, Primary: %17
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LENGTH OF SERVICE	:	6
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GENERAL DESCRIPTION OF THE JOB:

Skilled technical Staff is a common reference given to the technical staff like; Planer, Welder, Boilerman, Fitter, Latheman and Crane Operator. Generally reports to the Production Supervisor or Production Division head. A Skilled Technical Staff may be a graduate of a technical school or a trained apprentice.

UNSKILLED LABORER

TOTAL ANNUAL COMPENSATION

First (1) Level Total Annual Compensation	:	19,163 TRY
Second (2) Level Compensation	:	13,935 TRY
Third (3) Level Compensation	:	10,443 TRY
Minimum Annual Compensation	:	8,316 TRY
Lower Quartile	:	12,571 TRY
Average Annual Compensation	:	13,876 TRY
Upper Quartile	:	15,300 TRY
Maximum Annual Compensation	:	23,025 TRY

MONTHLY SALARIES

Lower Quartile	:	953 TRY
Average Monthly (mean)	:	1,052 TRY
Median	:	1,050 TRY
Mode	:	1,150 TRY
Upper Quartile	:	1,150 TRY

YEARLY ALLOWANCES (average) : 2,830 TRY

AVERAGE AGE : 33

EDUCATION LEVEL : University: %0, High: %40, Primary: %60

LENGTH OF SERVICE : 5

GENERAL DESCRIPTION OF THE JOB:

Unskilled labourer; performs his job in a production or service establishment and his job requires neither work experience nor vocational training. The jobs he is expected to perform requires personal capability of lower levels only. Preparing materials for process, packing, counting and cleaning the apparatus/equipment can be shown as examples. An unskilled labourer generally reports to the team chief or skilled labourer.

Minimum Monthly Wage (gross and net, USD)	
Net Minimum Wage	374
Gross Minimum Wage	475
<ul style="list-style-type: none"> • Social security premium payment (14%) 67 • Payment into unemployment insurance fund (1%) 5 • Income tax (15%) 61 • Minimum living allowance* -34 • Stamp tax (0.66%) 3 	
Total Deduction	101
Cost for Employer	
<ul style="list-style-type: none"> • Gross minimum wage 475 • Employer's share of social security premium (19.5%)** 93 • Employer's payment into unemployment insurance fund (2%) 10 	
Total Cost for Employer	578
<p>* For single individuals without children and may vary according to marital status and number of children. **Upon certain conditions, as an incentive, a five-point reduction in this rate is possible (down from 19.5% to 14.5%). Therefore, the total cost for the employer may be reduced to USD 554. Source: Ministry of Labor and Social Security of the Republic of Turkey</p>	

III. EMPLOYMENT REGULATIONS

A. TERMS OF EMPLOYMENT

Employment in Turkey is mainly governed by Turkish Labor Law and Trade Union Law. Under the new Turkish Labor Law, there are four different types of job contract:

- a) Job contracts for “temporary” and “permanent” work
- b) Job contracts for a “definite period” or an “indefinite period”
- c) Job contracts for “part-time” work
- d) Job contracts for “work-upon-call”

Job contracts do not have to be concluded in a specific format. However, if a job contract is signed for a definite period, it must be concluded in writing. Job contracts are exempt from stamp tax and other duties.

Any kind of discrimination among employees with respect to language, race, gender, political opinion, philosophical approach, religion or similar criteria is prohibited by law. Discrimination based on the gender of an employee is prohibited when determining the amount of remuneration for employees working in the same or equivalent jobs. Should the principle of equality be violated, the employee who is subject to discrimination can request monetary compensation.

Working Hours and Overtime

Under the Labor Law, the maximum normal working hours are 45 hours per week. In principle, 45 hours should be split equally among the working days. However, under the new rules introduced by the new Labor Law, working hours may be distributed unevenly over the working days provided that the total daily working hours do not exceed 11 hours a day and that the parties agree on the uneven distribution of the working hours over the working days.

Hours exceeding the limit of 45 hours per week are to be paid as “overtime hours”. Payment for the overtime hour must be 1.5 times the regular hourly wage/salary. Instead of the overtime payment, employees may be granted 1.5 hours of free time for every overtime hour worked. Overtime hours worked during weekends and public holidays are to be paid at twice the regular hourly rate. These rates are the minimum set by law and may be increased on the basis of a collective or bilateral agreement between employees and the employer. The total number of overtime hours worked per year may not exceed 270 hours.

Annual Paid Vacation

There are five paid public holidays per year (January 1st, April 23rd, May 19th, August 30th, October 29th), plus two paid periods of religious holiday, which comes to eight days in total. Employees are entitled to paid annual vacation for the periods indicated below, provided that they have worked for at least one year including the probation period:

Years of work	Minimum paid vacation period
1 - 5 years (inclusive)	14 days
5 - 15 years	20 days
15 years or longer	26 days

These benefits are the minimum levels set by law and may be increased on the basis of a collective or bilateral agreement.

Under the law on the amendments to Turkish Labor Law, wages and salaries must be paid in Turkish Lira (TRY) into the bank account of employees. If wage and salary amounts are not paid into employees' bank accounts, an administrative penalty totaling TRY 100 per employee (per month) is charged to the employer. It is possible to denominate wages/salaries in terms of a foreign currency. In this case, wages/salaries shall be paid in TRY calculated on the basis of the relevant foreign currency rate prevailing as of the payment date.

B. TERMINATION OF EMPLOYMENT

According to the relevant provisions of the Labor Law, employers and employees are required to give specified notification periods prior to the termination of employment, as shown in the following table.

Required minimum notification periods for employers and employees	
Duration of service	Duration of notification period
0 - 6 months	2 weeks
6 - 18 months	4 weeks
18 - 36 months	6 weeks
more than 36 months	8 weeks

There are two types of termination for a job contract:

- 1) Termination with notification
- 2) Termination without notification based on justifiable reasons

Termination with notification

Both the employee and the employer may terminate a job contract concluded for an indefinite period based on the notification periods indicated in the above table. The employer may terminate a job contract by paying the salary of the employee corresponding to the notification period. However, the employee covered by the labor security preserves the right to subject the validity of the termination of employment to judicial review.

Termination without notification based on justifiable reasons

Both the employer and employee have the right to terminate a job contract without notification under the following conditions:

- Reasons of health
- Cases arising from misconduct and similar reasons
- “Force majeure” events that prevent the employee from working for a period exceeding one week.

Termination indemnity (severance pay)

A lump-sum termination indemnity is to be paid to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such indemnity pay is calculated on the basis of thirty days' pay per year of employment at the gross rate of pay applicable at the date of retirement or leaving. However, the thirty days' payment per year of employment may not exceed a semi-annually determined limit which is TRY 2,260.05 for the first half of 2009. Indemnity may be agreed to be paid at an amount higher than the limit indicated above in case there is a provision in the contract of employment.

Termination indemnity paid within the limit specified is exempt from income withholding tax. However, the amounts of indemnity paid in excess of the limit shall be subject to income tax. The reasons on the basis of which employees are entitled to receive termination indemnity are as follows:

- a) Leaving workplace due to the compulsory military service (for males)
- b) Retirement (in order to receive old age, retirement pension or disability allowance from the relevant insurance institutions)
- c) Voluntary termination by female employees within one year following the date of marriage
- d) Death of the employee

C. TURKISH SOCIAL SECURITY SYSTEM

The social security system in Turkey went through a major transformation in 2007, resulting in a more efficient and fast functioning system, based on centralizing the control of different social security funds in a single institution.

Within the scope of the program:

The three insurance funds, namely SSK, Emekli Sandigi and Bag-Kur, were merged under a sole body called the Social Security Institution (SSI) in 2007. The three insurance funds together cover around 81% of the population as of 2008. The system started to be fully operational at the beginning of 2008.

Social Security Premium Payments

Social security premiums (as a percentage of employee's gross earnings) are payable by both employers and employees. The below table shows the rates that apply in the case of office employees in the private sector. Rates for employees working in specific sectors (such as mining, oil/gas exploration) may vary depending on the risk category of the work performed.

Social Security Premiums (office employees)			
Type of risk	Employer's share (%)	Employee's share (%)	Total (%)
Short - term risks	1-6.5*	-	1-6.5*
Long - term risks	11	9	20
General health insurance	7.5	5	12.5
Contribution to unemployment insurance	2	1	3
Total	21.5*	15	36.5*
*The rates change according to the risk categories of jobs. Depending on the risk category, the employer's share varies between 1% and 6.5%.			

Foreigners making social security contributions in their home countries do not have to pay the Turkish social security premiums if there is a reciprocal agreement between the home country and Turkey.

Unemployment Insurance Premium Payments

Employees, employers and the state are required to make a compulsory contribution to the Unemployment Insurance Plan at the rates of 1%, 2% and 1%, respectively, of the gross salary of the employee. Like the social security premium payments, unemployment insurance premiums are also to be paid on a monthly basis. Employers are able to deduct such contributions from their taxable income. On the other hand, an employee's contributions are deductible from the income tax base of the employee.

A foreign individual who remains covered under the compulsory social security system of his/her home country that has a social security agreement in effect with Turkey is not liable for insurance payments to the Turkish social security. The proof of foreign coverage is to be filed with the local social security office. If the employee is not subject to a foreign social security, full contributions would generally be imposed. Unemployment insurance premiums are declared and paid to the Social Security Institution together with social security premium contributions.

Turkey's loan agreement with the International Monetary Fund (IMF) will help the country manage costs and maintain efficiency. In addition, the EU accession period and Turkey's efforts to comply with the EU regulations will also make positive contributions to the reform program.

- Uniform norm and standards for workers, civil servants and the self-employed
- Gradual increasing of the retirement age to 65
- Decrease in accrual rate to 2%
- The valorization of past earnings by Consumer Price Index (CPI) +30 % of GDP real growth
- Indexation of pensions to CPI
- Universal health insurance
- A new health scheme for the poor
- Introduction of co-payments for secondary and tertiary healthcare

D. UNIONS AND COLLECTIVE EMPLOYMENT AGREEMENTS[†]

In Turkey, there is no obligation for a worker to be a member of any union, and there is no obligation to make a collective employment agreement for any sector of business or for any work place. Unions are established on an industry-wide basis. The formation of labour unions for a specific work place or specific job shall be not allowed.

In order to be covered by a collective employment agreement, a worker must be a member of a union. There is no such requirement for the employer. In order to be a bargaining agent, a union must have a membership of more than half of the workers employed in the work place and must also include at least 10 percent of all the workers employed in the specific sector.

The Law sets a series of steps to be followed by a union before starting a strike.

E. OBTAINING A WORK PERMIT IN TURKEY

Applications for work permits can be made inside or outside Turkey:

- Foreigners residing outside Turkey shall apply to the relevant Turkish Consulate of either his/her country of residence or his/her country of citizenship.
- Foreigners with a valid residence permit (valid for a minimum of 6 months, except for residence permits for educational purposes) can apply directly to the Ministry of Labor and Social Security.

Foreigners Applying for a Work Permit in Their Homeland



- If all documents submitted are accurate and complete, the issuing process will take around 30 days.
- Once approved, the applicant is informed by phone or e-mail.

[†] Source: YASED (International Investors Association of Turkey)

When the work permit is issued and the work visa application is approved by the Ministry of Labor and Social Security:



- Non-refundable Work Visa Processing Fee
- Non-refundable Work Permit Processing Fee
- The applicant retrieves his passport in Turkey
- To obtain a residence permit, work visa and work permit holders must apply to the Alien's Branch of Local Police Department (Emniyet Mudurlugu Yabancılar Subesi) within 30 days following their arrival in Turkey.

Foreigners Applying for a Work Permit in Turkey

Foreigners with a valid residence permit (valid for a minimum of 6 months, except for residence permits for educational purposes) can apply directly to the Ministry of Labor and Social Security.



- An application for a work permit addressed to the Ministry of Labor and Social Security
- An expatriate personnel application form
- A notarized copy of the passport translated into Turkish
- A notarized copy of the diploma translated into Turkish
- A Curriculum Vitae
- A written application for a work permit from the establishment to employ the individual
- A balance sheet and a profit loss statement for the past year certified by the tax authorities
- For foreign direct investments, the original, or a copy certified by the organization itself, of the Trade Registry Gazette of Turkey indicating the most recent capital and shareholding structure of the organization
- If the person is an engineer or architect, the Ministry of Labor and Social Security would ask the Higher Education Council and the Union of Chambers of Turkish Engineers and Architects for their approval.

F. INTERNATIONAL COMPARISON

According to the IMD surveys, the labor legislation in Turkey is one of the most investor friendly ones among the developing countries.

Unemployment Legislation*		2010
Rank**		
7	Turkey	5.88
8	Russia	5.77
10	Greece	5.55
11	Estonia	5.49
16	India	5.31
21	Israel	4.96
26	Lithuania	4.64
29	China Mainland	4.52
30	Mexico	4.50
35	Brazil	4.17
36	Jordan	4.16
37	Slovak Republic	4.11
38	Ukraine	4.00
43	Poland	3.64
45	Bulgaria	3.60
46	Czech Republic	3.52
48	Hungary	3.21
49	Romania	3.18
55	Croatia	2.73
57	Slovenia	1.71

* Unemployment legislation provides an incentive to look for work; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

Labor Regulations*		2010
Rank**	Country	
9	Estonia	6.29
13	Israel	5.74
16	Ukraine	5.24
17	China Mainland	5.13
18	Turkey	5.03
19	Hungary	5.00
22	Russia	4.72
27	Jordan	4.52
29	Lithuania	4.37
35	Bulgaria	4.13
36	India	4.06
38	Poland	3.97
40	Slovak Republic	3.84
46	Czech Republic	3.50
47	Greece	3.43
48	Romania	3.31
51	Mexico	2.87
54	Croatia	2.70
56	Brazil	2.15
57	Slovenia	1.87

*Labor regulations (hiring/firing practices, minimum wages, etc.) do not hinder business activities; IMD WCY Executive Opinion Survey based on an index from 0 to 10

**Rank among 58 countries in the world.

Source: IMD WORLD COMPETITIVENESS ONLINE 1995-2010 (Updated: May 2010)

ANNEX: SOME FAQ ON EMPLOYMENT IN TURKEY

What is the duration of paid annual leave under Turkish Labor Law?

If the length of service is:

- Between 1 and 5 years (including 5 service years), paid annual leave cannot be less than 14 days.
- More than 5 years but less than 15 years, paid annual leave cannot be less than 20 days.
- 15 years (including 15 service years) or more, paid annual leave cannot be less than 26 days.

What is the duration of holiday and other leave?

- National holidays - 5 days
- New Year - 1.5 days
- Religious holidays - 8 days
- Wedding - 3 days
- Funeral - 3 days
- 2 supplementary days of leave can also be used.

What is the duration of weekly overtime work and what are the overtime wages?

Generally, the regular working period cannot exceed 45 hours per week. Continuation of services after the 45-hour limit is considered "overtime work".

- The overtime wage is calculated by increasing the normal wage/hour by 50%.
- If workers do work on national and general holidays, the wages for those days are to be paid in full.
- The normal weekly working period may be split among the working days as required but cannot exceed the daily 11-hour limit. Overtime work cannot exceed the total limit of 270 hours per year.

If the 45-hour quota per week is not met, is it possible to distribute the remaining work hours in the following weeks?

- Employers may request additional work for a period of 2 months after the cessation of work activities for any reason.
- The compensation work for previous lost time cannot exceed the maximum working period in a day and cannot be more than 3 hours per day. These cases are not considered overtime work.

What is night-time work according to Turkish Labor Law?

Night shifts cannot exceed the 7.5 hour limit. "Night" is defined as a work period which starts at 8.00 p.m. at the latest and ends at 6.00 a.m. at the earliest, and lasts no more than 11 hours.

What kind of services does the Turkish Employment Organization (ISKUR) offer?

As an affiliate of the Ministry of Labor and Social Security, ISKUR is the official employment organization responsible for the development of human resources. ISKUR's remit includes:

- Providing employment services to public and private enterprises
- Implementing employment improvement measures
- Accrediting private employment agencies

What is the official policy of the government regarding vocational education?

The Turkish Government actively supports vocational education and training programs for reducing unemployment. The government also cooperates extensively with the European Union in the area of vocational education.

What is the private sector's role in vocational education and training?

The private sector and related professional institutions have been supporting and benefiting from vocational education. Through the public sector's contributions and assistance to such training and courses, a qualified and skilled labor pool has been made available for employment. In addition, organizations such as KOSGEB run a multitude of support schemes in the areas of consultancy/training, technological development/innovation, international cooperation, exports promotion, entrepreneurship development, information technology, quality improvement and regional development. In addition to these, ISKUR also offers training seminars to enterprises.