Preface

Economics is a science that researches the effective utilization of scarce resources. When considered in this context, resources are the basic determinants of individual wealth in a microeconomic sense and of economic welfare in a macroeconomic sense. From the macroeconomic perspective, resources of a country are termed as its factors of production. Among the basic factors of production, labor attracts a great deal of attention. The reason why labor is particularly highlighted is because it is basically a factor of production based on human. Labor is human activity that is utilized during the production of goods and services and it is composed of physical and mental contributions of those who realize the production. The term ‘employment’ is widely used to express the use of labor in the production process.

Underutilization of factors of production which determine a country’s production capability is an important problem in terms of the effective use of resources that are deemed to be scarce. Full employment of labor as a factor of production enables the economy to reach its potential GDP level; production levels below this level correspond to inefficient production levels. Thus, unemployment of workforce who wants to be employed is seen as an idle resource that is not used for the production which creates added value for the economy. However, the unemployment of labor is a more important problem than the underutilization of other factors of production. The reason why labor that is not employed in the production of goods and services is much more problematic is that labor, unlike other factors of production, cannot be stored. Underutilization of other factors of production such as capital and land does not lead to a notable depreciation in their useful economic life while it is the opposite for labor. Thus, the unemployment of labor being an unstarable factor of production has the potential to be a more important problem when compared with the underutilization of other factors of production.

Efficient and full utilization of resources, especially in the short run, and technological improvement, in the long run, are of great importance in terms of economic growth. In this context, unemployment creates a negative impact on the growth performance of economies. As stated by Okun’s Law, a one percent decrease in the unemployment rate increases economic growth by about 2%. For this reason, it is seen that full employment takes an important place among the main objectives of economic policies of countries. Other economic policy objectives, such as price stability and financial stability, are also important corresponding with the target of full employment in the long term. Thus, in order to maintain full employment, using appropriate monetary policy is essential as well.

From the macroeconomic perspective, unemployment is surely a crucial problem. But at the same time, all of the changes observed in the labor market are of particular concern to the business world in terms of costs of production and selection of production method. The wage level determined in labor market -where suppliers and demanders of labor interact-, regulations for the wage and labor productivity are among the main issues that are followed closely by employers. Also, the fact that labor demand-
ers cannot find the skilled labor they need not only increases unemployment but also poses production challenges for the business world. Thus, labor market-related problems have been an important research field in both microeconomic and macroeconomic contexts, and along with many academic studies, a large number of reports has been published by labor and employer’s unions, national and international organizations in this field. These problems, effects of them on the macroeconomic and microeconomic environment and recommendations for solutions to them are discussed separately in this book with their economic and production aspects.

Unemployment and other labor market-related issues create not only economic but also social and psychological problems. When these problems are evaluated together, it is better understood how unemployment is a major problem. In order to effectively solve these unemployment-driven social and psychological problems, it is necessary to investigate the labor market carefully and carry out required reforms consistent with the findings. When doing this, the structure of unemployment should also be analyzed. At this point, the indicators pertaining to the status of women and youth in the labor market deserves a special emphasis. As a matter of fact, policy makers should put a lot of effort into developing policies to regulate the labor market and to eliminate disparities, discrimination, and inequalities.

Although problems related to labor market create different economic and social effects on every country due to having different socio-economic structures and development levels, these problems have an important place in the agenda of all countries. Developing countries are struggling to reduce unemployment, which is one of their main problems. After the crisis that began in 2008 and still continues to make its effects felt in some countries, one of the most important problems that the developed countries face and need to solve is also unemployment. Besides, immigration from Syria and developing countries to many European countries including Turkey have been considered in terms of its disruptive effects on the labor market of the migration-receiving countries. One of the aims of this book is the evaluation of the changes in the labor market in light of these late developments using current data and the effects of them with an academic approach. This approach helps holistic evaluation of labor market and makes the book a reference source.

With the effects of globalization and improvements in the technology, the labor market has transcended national boundaries and gained an international structure. Therefore, unemployment arising from excess labor supply or lack of labor demand stands as a major problem not only for the national labor market but also for the global labor market. Due to the dynamics that lead to increases in unemployment in the world, the objective of achieving full employment has become more important with regard to macroeconomic policies in the era of globalization.

The economic and social changes that negatively impact labor market deepen existing problems and require the development of new policies. These policies should be not only about economic growth but also about economic development. Training policies aimed at increasing productivity of labor are also important to overcome challenges of unemployment. By taking into consideration the effects of changing social, economic and production structure on national and global labor market, the chapters of this book also recommend various policy implementations based on the evaluation of the labor markets by examining current data and latest developments affecting the labor market.

Structuring economic and social policies and effective creation of legal regulations require a thorough examination of the developments affecting labor markets, which are important in many aspects. This book aims to evaluate the challenges of unemployment and labor market sustainability of in the era of globalization and examine today’s labor markets from different perspectives. It contains 21 carefully
selected chapters that discuss different academic questions and aim to provide a different viewpoint to the policy makers and researchers who carry out academic studies on labor markets.

In Chapter 1, the authors aimed to document how Muslim countries consider labor rights in terms of core and the total labor standards of International Labour Organization. The chapter is designed to clarify these issues; an overview of international labor standards, analyses fundamental labor standards in Muslim countries and Turkey, importance of legal systems, respectively. Accordingly, an analysis in the chapter indicates that on average Muslim countries ratified much fewer numbers of conventions than other countries. Also, there is considerable heterogeneity across Muslim countries. For example, richer Muslim countries ratified fewer conventions than the poor ones; African Muslim countries ratified more conventions than the Asian Muslim countries and civil law Muslim countries ratified more conventions than the Islamic law ruled Muslim countries and the countries which have mixed legal system.

The second chapter of the book is related to 21st-century labor paradigm. The author of Chapter 2 investigated the contingent workforce phenomenon of about the growing reality of in the Indian economy. Especially in India, outsourcing of work finds its genesis in the cheap buying of labor with minimal employer liability as it has known. Through this aspect, this chapter is a piece has strived to comprehensively cover all problem areas related to Indian contingent workforce management. The chapter contains the titles about the necessary legal compliances, technology ecosystem in labor management, strategies for proactive engagement with contingent workers, industrial relations, cultural integration and also the ethics of labor management.

Chapter 3 clarifies the concept of modern slavery. Certainly, to examine the concept of modern slavery in a global perspective and develop common global policies are seen important. Because it is estimated that modern slavery is spreading rapidly and the problem will get deeper unless necessary precautions are taken; therefore, modern slavery must be understood. The importance of roadmaps drafted and operations run by the international community for the struggle to eliminate modern slavery can be seen clearly in this regard. Accordingly, the chapter uses International Labour Organization’s practices as its base and expands on them, because it is the most efficient organization in the fight against towards the elimination of modern slavery in the world. The chapter concludes though the undertakings at the international organizations and international community levels yield efficient results, the importance of the need for national activities and regulations should not be ruled out; states/governments should develop precise and urgent action plans towards the elimination of forced labor.

Employment protection is a popular and interesting concept related to the labor market. Chapter 4 provides an analytical and critical reading of the state of knowledge on legislation relating to employment protection and its impacts on unemployment, jobs creation, productivity and more generally efficiency of the labor market. As a result of the chapter, some alternative policies have suggested which seek to empower the employer in its human resources management and thus give some protection to the employee without constituting an excessive obstruction of the labor market.

As it is known, free movement of people is one of the founding principles of the European Union’s internal market. This principle gives all citizens of member countries the right to travel, live and work wherever they wish within the EU. Free movement of labor across the EU has become a controversial issue in several member countries and highlights the major challenge of economic and social convergence of the EU. The main aim of Chapter 5 is to analyze to what extent freedom of movement of labor is realized at the EU level. In this context, this chapter describes the key features of free movement of labor and to makes an assessment of the trend of flows of labor within the EU, by taking into account the current developments such as the recent enlargements and the economic crisis. And then it indicates
the costs and benefits of labor mobility at the EU level and discusses the obstacles to the free movement of labor within the EU’s internal market. As a consequence, Chapter 5 shows the completion of a fully-functioning single market is generally considered as a response to current challenges of the EU. The chapter emphasizes the cross-border labor mobility not only increase employment and economic welfare but also overcome divergence in labor markets. At the same time, it reduces unemployment differences between the member countries and contributes to an optimal allocation of labor resources within the EU. So, it is obvious to see the labor mobility is of crucial importance for the EU’s economic integration process and the challenges that arise from the labor mobility need to be addressed directly.

Women employment is a crucial issue related to the labor market all over the world. In a similar manner, there is huge literature about women employment and women labor force. Chapter 6 is aimed to evaluate indicators of OECD countries in terms of female labor with Factor Analysis performed, which is commonly used for this purpose. The results of analyses evaluating the women’s employment in OECD countries led to results associated with countries’ level of development. Also, the analysis showed that developed countries have placed in the same group in terms of used variables.

One of the biggest problems of developing countries is the lack of resources, namely production factors. Obviously, the insufficient capital and labor amount impedes the development of these countries and therefore makes difficult to reach the level of developed countries. As previously described, the women’s employment in the economy is important for the stability of economic growth. Accordingly, Chapter 7 is determining the factors affecting female labor force participation leads policy makers to implement effective policies towards increasing women’s employment by allow policy makers to select the primary tools with the limited public budget, which is a common problem seen in developing countries. As a result, the chapter shows the empirical support for the u-shaped hypothesis, in the first stages of economic development, economic growth decreases the female labor force participate in labor markets but decreases it at the later stages.

Chapter 8 drives a framework for the general status of female labor in Turkey and comparing the international and national statistical data from a global perspective around the social gender inequality and the distribution of labor based on social gender. The brief of the chapter describes the equality between men and women and total participation to social and working life carry major significance for a country’s economic growth, social development, and social justice. It is clear that the social and economic gaps between men and women have widened; thus, in order to understand the importance of gender differences the subject needs to be analyzed from a social gender viewpoint.

Unemployment and poverty are problems experienced by all countries of the world. Especially, developing countries usually face heavy problems of unemployment and poverty, including Indonesia which has a population of around 300 million is facing quite heavy problems of unemployment and poverty. Chapter 9 wants to explain that the level of unemployment and poverty can be overcome by the spirit of entrepreneurship of housewives and youths, who have a micro, small, or medium business. The chapter is including an important suggestion such as housewife and youths who are not considered as workers also can help reduce poverty and help reduce unemployment.

As generally accepted unemployment is associated with loss of well-being. In particular, youth unemployment problem in some countries like Turkey has received much attention, because youth unemployment rates are persistently higher than the OECD average. Definitely, the importance of youth unemployment is better understood if the demographic transition of Turkey is taken into consideration. Turkey has a “Window of Opportunity” from 2000 to 2025, and during that period, the working-age population is expected to reach its peak, which will provide favorable conditions for economic growth.
Chapter 10 aims to explore the nature and causes of youth unemployment in Turkey by taking into account its gender dimension. Thus it reviews the policies and programs to tackle the youth unemployment problem and discusses their effectiveness.

Similarly, Chapter 11 aims to analyze and profile youth unemployment problem in the Turkish economy. The chapter contains three main issues such as conceptual framework of unemployment, unemployment problem in Turkey and youth unemployment profile in Turkey. Herewith, it is possible to emphasize that Turkey has needed that a new holistic employment strategy and policy should be built where all classes’ views are taken into consideration.

Another youth employment issue is discussed in Chapter 12. This chapter aims to explore diverse factors of precarious youth employment in the tourism sector with particular focus on Bangladesh. Also, the chapter seeks to justify information and communication technology as a possible solution to the persistent precarious youth employment situation in Bangladesh.

Work is undoubtedly a fundamental and inalienable social right, won through labor and political struggles, as well as class and social conflicts. Concerning the thorny issue of unemployment, vulnerability and social exclusion, Chapter 13 attempts to crystallize and analyze young people’s attitudes towards unemployment as a social phenomenon, but also towards the ways and forms of this phenomenon configuration and, at the same time, to determine their degree of confidence in what is called welfare state in the context of the Greek economic crisis.

It is generally argued that as intermediary financial institutions, the Islamic banks may provide positive impacts to the financial system. They have the potential of increasing acceleration of economic development. There are a number of studies in the literature suggesting that these institutions make positive contributions from different aspects. There are too many studies in the empirical literature which try to examine the relationship between Islamic banking and the real economy. In this context, Chapter 14 reviews the linkage between bank loans and employment in the Turkish economy. For this purpose, the causal relationship between the loans offered by banks for these sectors and employment has been analyzed in the chapter.

Another sectoral research is related to construction industry. Construction industry both plays an important role in the global economy as it has 15% share of the world’s GDP and depends more on labor compared to other industries. In addition, the construction industry has higher multiplier effects compared to other industries. Thus it is absolutely an important sector in terms of the labor market. Chapter 15 examines the global trends in the construction industry with employment dimension. As clearly seen, globalization of the construction labor market resulted in changing labor profile as well as in the emergence of the multilingual and multicultural project and construction teams. Globalization of the construction industry increased opportunities and expanded markets where construction labor can work. In this way, the chapter is expected to contribute to the literature with respect to the challenges construction industry will face due to the global trends as well as with respect to the changes in the workforce profile, skills, and talents in the construction industry.

Economic structural transformation, which has been referred to quite often in economic literature in recent years, influences countries and their markets in many ways. As it is known, structural transformation first requires transformation from agriculture to manufacturing and then from manufacturing to services. To realize sustainable growth and development objectives, countries have to succeed in structural transformation. In Chapter 16, changes in the employment structure of South Korea and Japan, both of whom have successfully completed the structural transformation, were studied in terms of economic complexity and product space theory.
As the basic economic indicators of the modern economy, the concepts of unemployment, inflation, and economic growth are major macroeconomic variables which are often analyzed. Whereas an economic growth could occur as a result of financial activity level in an economy, there could also be observed a chart which shows an inflationary setting and/or high unemployment rates. Chapter 17 is aimed to analyze the relationship among variables about annual economic growth in the period of 1960-2014, inflation rate and unemployment data in Turkey. Thus it is possible to present political suggestions for the economy of Turkey in the light of the analysis findings. Herewith, it easy to see that to keep the growth process sustainable, the economy of Turkey should be built in a manner of promoting growth dynamics; based on technology and meanwhile not only importing technology but also producing it. So, as highlighted in the chapter, it is obvious that it will bring new requirements in the context of the labor market, quality and productivity increase.

Innovation is an important driving force for the development of countries as it boosts the productivity of physical and human capital. Obviously, today’s highly competitive technological markets, innovation plays a substantial role in countries’ strategies as it is the most important factor for sustainable development and competitive superiority. Chapter 18 aims to assess the innovation performances of EU countries and Turkey to determine prominent drivers that affect the innovative activity of innovation efficient countries. Consequently, human capital and employment related drivers are the factors that foster innovation efficiency the most on a country level compared to research and development expenditure, intellectual property rights, application, infrastructure and environmental indicators, within most innovation efficient EU countries.

Chapter 19 investigates the Indonesian experience with economic growth and changes in labor market segmentation and labor productivity for the period 1990-2015. This chapter is particularly important for Indonesian economic growth for two main reasons. First, along with accumulation in physical investment and technology progress, labor productivity growth is also a major determinant of long-term economic growth. Second, like in other developing countries, the labor market in Indonesia is also segmented with a large share of informal workers, and it may have a negative impact on the country’s economic growth.

As it is known, economies in transition from centrally planned economy to liberal economy characterized as transition economies. The countries that are deemed transition economies in the literature shift to an environment where the prices are determined by the free market instead of a central organization during the process of economic liberalization. Chapter 20 discusses the relationship between trade openness and unemployment for transition economies between the period of 1998-2014 with dynamic panel data analysis methods. The chapter emphasizes that in transition economies trade openness rates have a reducing effect on the unemployment rates. Accordingly, it is interpreted as the positive result of commercial liberalization on the labor market in terms of employment.

The relationship between labor market and immigration is very strong. So, this relationship needs to be explored. The last chapter concerned with an analysis of the impact of immigration on labor market of receiving countries, focusing on employment and wages. It is obvious that the effect of immigration on the welfare of the native population is an important issue in public debate. Chapter 21 concludes that immigration may have both positive and negative impacts on the labor market.