

THE WAGES AND COST OF LABOR IN THE INDUSTRIAL SECTOR OF TURKEY BETWEEN THE YEARS 1970 - 1980

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This study covers the wages and the cost of labor in the industrial sector of Turkey between the years 1970-1980. Different institutions display different results in their statistical work. However, in this study we have tried to find out the reasons for these differences to a certain extent. The figures which we got as labor cost per hour might seem somehow low. But as you know, during the inflationist periods, wage increases and the relevant statistical data are published with some delay. On the other hand, the social legislation of a country may define, for example the working days, differently than the other countries. Such factors also effect the wages and the labor cost per hour.

1. The wages on which the social security premiums are calculated are taken as the average wages per hour and per day. The maximum and the minimum wages shown as monthly amounts and in Turkish Liras are stated as follows:

<u>Years</u>	<u>Minimum (TL.)</u>	<u>Maximum (TL.)</u>
1975-1976	1200,—	6000,—
1976-1977	1800,—	6000,—
1977-1978	1800,—	8400,—
1978-1979	3300,—	9660,—
1979-1981	5400,—	12000,—
1981	9750,—	20250,—

In the Social Security Institution's statistics (this institution will be referred as SSK thereafter in his report), because the amount of the SSK premiums paid are taken as basis, the average wages per day and hour have been calculated according to these figures.

2. The manager of the workplace, the employer and the others who receive high salaries are excluded in these average amounts. Therefore, the results might appear relatively low. As a matter of fact, according

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to another survey * monthly gross wages are as follows:

<u>Years</u>	<u>Average Wage</u>
1973	1584,—
1974	1855,—
1975	2472,—
1976	3475,—
1977	4562,—
1978	6868,—
1979	9520,—

3. In Turkey, contrary to the practices in the Western countries, wages are being paid for the weekends and holidays although the workers do not work on these days. In case the workers actually work on these days, they receive wages with 50 % increase, therefore, the wages received for the days actually worked also include a certain amount covering the wages of the days not worked such as weekends and holidays. This difference is shown the related years in the Table :III.

4. The Social Security Institution in our country provides the workers with some benefits in the cases of birth, industrial accidents, retirement and marriage. These benefits are supplied by the institution from the funds collected from the employers and employees as SSK premiums. The employee pays avr, 9 % of his income according to his wage level whereas the employer pays from 11,5 % to 17 % of the worker's income as SSK premium, the total percentage being 20,5 — 26 %. Except the benefits mentioned above, the institution has no other funds to support the worker's family.

5. In our country there is no other private social security institutions enabling the workers with the sickness, unemployment and family compensations. As for the individual contracts signed by the workers and the employers, the number of such contracts is also very limited. According to a survey made on this subject, among the fringe benefits offered by the employers, SSK premiums and the severance pays are the most important amounts. (See Table : VIII).

In addition to the payments mentioned above, there is a system of bonuses and premiums which covers all the compensations offered during the year. In this report we considered each worker having bonuses three times a year. In the meantime, we tried to indicate children's pay (avr. 200 Turkish Liras for each child) in the cost of labor.

6. Unfortunately, the statistical data we have, regarding the classification of workers as permanent and seasonal (Unpermanent) is not sufficient. However, according to the statistics of SSK, the average wage paid to the permanent worker in 1979 was 303.72 TL. per

1 The Confederation of the Turkish Employers Union, «Labor Cost and Statistics», 1980, p. 35.

day and 37.96 TL. per hour. On the other hand, the average wage paid to the seasonal worker was 257.50 TL. per day and 32.18 TL. per hour. This means that there is a difference of 46.22 TL. per day between the wages of the permanent and seasonal workers.

Gross Wage per day in Turkish Liras taken as basis for the SSK premiums within the minimum and maximum limits (TABLE : I)*

<u>Years</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average (day/TL.)</u>
1969-1971	12,—	120,—	66,—
1971-1975	18,—	165,—	91,50
1975-1976	40,—	200,—	120,—
1976-1977	60,—	200,—	130,—
1977-1978	60,—	280,—	170,—
1978-1978	110,—	280,—	195,—
1978-1979	110,—	322,—	216,—
1979-1979	110,—	368,—	239,—
1979-1979	180,—	368,—	274,—
1979-1981	180,—	400,—	290,—
1981	325,—	675,—	500,—

THE NUMBER OF DAYS NOT - WORKED IN A YEAR (TABLE : II)

Weekends	52 days
Sturday's 1/2x52	56 »
Holidays	13 »
Annual vacation with pay and excuse leaves	21 »
Total	112 »

The number of days actually worked $365 - 112 = 253$

AVERAGE WAGE ACCORDING TO THE NUMBER OF DAYS WORKED (TABLE : III)

<u>Yeras</u>	<u>Month as 30 days/TL</u>	<u>Months as 22 days (253+12)</u>	<u>Differance</u>
1970	35.32	50.25	14.93
1971	39.32	55.94	16.62
1972	43.87	62.42	18.55
1973	54.41	54.41	23.01
1974	68.26	93.08	24.82
1975	85.55	116.65	31.10
1976	115.30	157.22	41.92
1977	146.53	199.81	53.28
1978	207.93	283.54	75.61
1979	294.31	401.33	107.02
1980	500.00	681.75	181.75

**AVERAGE WAGE PER HOUR IN TURKISH LIRAS TAKEN AS BASIS FOR
SSK PREMIUMS (TABLE : IV)**

<u>Years</u>	<u>Vages</u>
1970	4.41
1971	4.91
1972	5.48
1973	6.81
1974	8.53
1975	10.69
1976	14.41
1977	18.31
1978	25.99
1979	36.78
1980	62.50

Source : SSK Statistics for the years 1978-1979.

A working day is accepted as having 8 hours.

**THE DISTRIBUTION OF FRINGE BENEFITS IN THE TOTAL
COMPENSATIONS ***

<u>Fringe Benefits</u>	<u>Payment %</u>
Meal	16.3
Transportation	9.3
Work Outfit	3.7
Vacation Pay	3.4
Fuel Pay	6.0
Social Security Premiums	26.6
Severance Pay	25.2
Termination Notice Compensation	1.7
Marriage, birth and death allowance	0.8
Family Allowance and Children's Pay	1.9
Educational Allowance	0.5
Holiday Pay	3.2
Others	1.8
Total	100.00

* MESS (Metal Trades Employer's Association of Turkey) 1979 Labor Costs and Statistics p. 16.

AVERAGE LABOR COST PER HOUR IN 1979 (TABLE : VI)

	TL/Hours
Gross Payment	36.78
7) Overtime Payment	6.77
3) Pay for vacation and leaves	13.37
4) Fringe Benefits	11.53
Bonus	26.481
Children allow	7.200
	33.681 TL/year
5) Compensations	13.25
Meals	4.02
Seniority	6.23
Others	3.00
	13.25 TL/hour
6) Part of the SSK premium paid by the employer	6.25
7) Errors	± 3.67
Total Labor Cost	91.62

Source : According to SSK statistics, 294.31 TL. is taken as basis for average wage per day.

2) Overtime : Overtime has been accepted as the amount with 50 % increase applied to the normal wage. It is also assumed that overtime has been practiced avr. 90 days in a year and 3 hours in a day.

3) As it can be moted from the Table II ,a worker is paid for 112 days which he hasn't actually worked. Then, this gives us the figure of 252 days which means the number of days actually worked. The wage difference without having worked per hour is 13.37 TL. This figure includes the leave with pay, weekends and holidays.

4) We have added a difference of 11.53 TL. by considering the fringe benefits as bonuses paid three times in a year and 7.200 TL/child as child allowance.

5) Seniority is calculated by assuming the worker as having worked in the same company for 10 years, together with the other compensations such as meals and the fuel allowances.

6) The SSK premium paid by the employer changes from 115.5 % to 17 %, and here the maximum percentage is taken into consideration.

7) + 10 % has been preserved for the errors that might occur in the calculations.

The labor cost per hour for 1979 is 91.62 TL. figure does not reflect the real incomes of the workers because while calculating this figure the average daily wages in SSK annuals were used as basis which do not cover the wages above the maximum SSK premium limits and the non-monetary benefits provided to the workers.

As for the statistics prepared by MESS (Metal Trades Employer's Association of Turkey) although it is a rather detailed work, it only includes a specific field of industry and the 61.569 workers working in this field. Therefore, September 1979 figures covers only 3 % of approx. 1.980.218 SSK beneficiaries in the results of this research of MESS. We have added these results to the table below for the comparison purposes.

Average Labor Cost per hour in 1979 (Table : VII)

Gross payment	37.76
Pay for leaves and vacation	13.74
Fringe benefits	19.79
Compensations ¹	32.63
Other social expenses	3.77
Total Cost of Labor	107,69 TL.

Source : MESS 1979 Labor Costs and Statistics, p. 13.

¹ SSK premium paid by the employer is included in the compensations.