IMPACT OF SHORT TIME WORK SCHEMES ON LABOUR LIFE: TURKEY’S CASE DURING COVID-19 PANDEMIC AND LESSONS TO BE DRAWN FROM GERMAN EXPERIENCE

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ABSTRACT

IMPACT OF SHORT TIME WORK SCHEMES ON LABOUR LIFE:
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DRAWN FROM GERMAN EXPERIENCE

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Short-time work is a social policy instrument, which enables the preservation of jobs during economic recessions. The principle of the program is reducing the working hours temporarily rather than terminating the contracts of workers. The purpose is to ensure the employees remain at employment by providing income support for the duration not worked.

The research aims at propounding the effectiveness of the short-time work scheme implemented during the Covid-19 period in Turkey on labour life. The study covers specific data derived from official institutions, their interpretation and information about the legislative regulation to evaluate the effectiveness. It is also aimed to determine the practices that can be taken as an example for Turkey by examining the short-time work practice of Germany.

The conclusion derived from this research is that the short-time work scheme implemented during Covid-19 in Turkey has contributed to keeping employment levels. However, some aspects of the program reduce its effectiveness. Tradesmen who
work on their account and are defined as “4B” group couldn’t have benefited from the allowance.

Another limitation is that a family-oriented approach is not adopted during the determination of the short-time work allowance amount.

Besides, the legal regulations in Turkey for short-time work do not include tripartite consultation among government, employers, and employees, which prevents social dialogue between social partners.

Premiums of short and long-term insurance branches are not paid when a workplace is completely stopped its activities under a short time work process. This is evaluated as a disadvantageous situation for employees.

**Keywords:** Covid-19, short-time work, short-time work allowance, short-time compensation program, work-sharing scheme
ÖZ

KISA SÜRELİ ÇALIŞMA PROGRAMLARININ ÇALIŞMA HAYATINA ETKISİ: COVID-19 PANDEMİSİ SIRASINDA TÜRKİYE’NİN DURUMU VE ALMAN UYGULAMASINDAN ALINABİLECEK ÖRNEKLER

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Kasım 2021, 113 sayfa

Kısa çalışma, ekonomik durgunluk dönemlerinde işlerin korunmasını sağlayan bir sosyal politika aracıdır. Programın prensibi, çalışılmayan süreler için çalışanların sözleşmelerini feshetmek yerine çalışma saatlerini geçici olarak azaltmaktr. Çalışanlara, çalışılmayan süreler için gelir desteği sağlanarak istihdamda kalmalarını sağlamak amaçlanır.

Bu araştırma, Türkiye'de Kovid-19 döneminde uygulanan kısa çalışma programının çalışma yaşamı üzerindeki etkinliğini ortaya koymayı amaçlamaktadır. Çalışma etkinliğin değerlendirilmesi çerçevesinde, resmi kurumlardan elde edilen spesifik verileri, bunların yorumlarını ve kısa çalışma planı hakkındaki yasal düzenlemeye ilişkin bilgileri kapsamaktadır. Çalışmada aynı zamanda Almanya’nın kısa çalışma tecrübesi de incelenerek Türkiye bakımından örnek alınabilecek uygulanmaların tespit edilmesi amaçlanmıştır.

Araştırmanın sonuçlarına göre, Türkiye'de Covid-19 sırasında uygulanan kısa çalışma programı istihdam seviyelerinin korunmasına katkıda bulunmuştur. Ancak kısa süreli

Bir diğer sınırlama, kısa çalışma ödenek miktarı belirlenirken aile odaklı bir yaklaşım benimsenmemesidir.

Ayrıca, Türkiye'de kısa çalışma ile ilgili yasal düzenlemeler, devlet, işveren ve çalışanlar arasında üçlü istişareyi içermemekte, bu da sosyal taraflar arasında sosyal diyalogu engellemektedir.

Bir işyerinin kısa çalışma sürecinde faaliyetini tamamen durdurması durumunda, kısa ve uzun vadeli sigorta kollarinin primleri ödenmemektedir. Bu, çalışanların açısından dezavantajlı bir durum olarak değerlendirilmektedir.

**Anahtar Kelimeler:** Kovid-19, kısa çalışma, kısa çalışma ödeneği, iş paylaşım planı
To My Mother
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>İŞKUR</td>
<td>Turkish Employment Agency, Türkiye İş Kurumu</td>
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<td>MoLSS</td>
<td>Ministry of Labour and Social Security, Çalışma ve Sosyal Güvenlik Bakanlığı</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>SGK</td>
<td>Social Security Institution, Sosyal Güvenlik Kurumu</td>
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<tr>
<td>STW</td>
<td>Short-Time Work</td>
</tr>
<tr>
<td>SURE</td>
<td>The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency</td>
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<td>TÜİK</td>
<td>Turkish Statistical Institute, Türkiye İstatistik Kurumu</td>
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CHAPTER 1

INTRODUCTION

Unemployment is undesirable due to its adverse impacts on both individuals and society. It results in loss of personal income, which directly affects the purchasing power and thus the welfare level. The unemployed person is not able to keep his/her livelihood and standard of living due to the missing revenue. Although some governmental measures such as unemployment insurances provide financial support for a certain period, unemployed persons eventually encounter the situation that the living conditions change gradually for the worse. These are the primary material consequences of unemployment. However, the other effects are also quite destructive. Unemployment influences individuals mentally (Linn, Sandifer and Stein, 1985). It results in loss of hope, motivation, self-fulfillment and leads to physical disorders with time. The individual may feel socially excluded due to the loss of vocational status. On the other hand, skills and talents may deteriorate when the duration of unemployment lasts longer and the unemployed person may feel unprepared for the next position. This means a waste of time devoted to vocational training and improvement needed for the jobs.

During times of crisis, jobs are at risk of being lost due to the decreasing demand. The levels of employment encounter a risk of lowering to undesired levels, which then would deepen the crisis. The enterprises whose demands and sales decline due to the newly emerged economic conditions may need to make redundancies to reduce the costs for mitigating the effects of the crisis. This is because not every company may have sufficient sources to manage and get over the crisis. During those times, governments intervene by implementing certain schemes to support companies financially to hinder collective redundancies and thus unemployment (Mosley, 2020).
Short time work (STW) is a type of flexible working form, which is implemented during economic downturns and for supporting the companies having economic difficulties. The principle behind this is based on decreasing the working hours temporarily by the employer rather than terminating the contracts of employees who are provided income support for the durations not worked. This type of scheme is sponsored by governments (Eurofound, 2020).

The aims for implementing STW include preventing the companies to go bankrupt due to economic difficulties and keeping the labour force in labour life, thus preventing or decreasing unemployment. Governments, which implement this scheme, also regulate the circumstances the employers can utilize this scheme to prevent improper usage by the employers. These criteria are generally declining sales, a certain duration of usage, activation procedures, and a normalization plan (European Commission, 2010).

During times of crises and economic recessions, the demand for the goods and services supplied by the companies can decline. As a consequence, the required duration of work reduces per the current amount of demand. The new situation may result in mass layoffs and unemployment. STW schemes help the states to prevent mass redundancies and unemployment during economic crises. Labour market is intended to be exposed to the least impact of the recessions. STW is used during crises when the demand gets lower due to the deteriorated economic conditions.

The decision of launching the implementation of the STW scheme is taken by the governments upon the extraordinary situation causing the crisis. In certain countries, an agreement is signed between social partners before initiating the STW. Upon a crisis that leads to an economic recession resulting with the fall in demand, governments decide to implement an STW program to prevent mass layoffs. Employers temporarily reduce the working hours and governments compensate the income loss by paying the salary to the employees for the durations not worked. STW practice prevents collective redundancies during the economic crisis, contributes to keeping employed persons in the labour market, and prevents unemployment. Besides the qualifications of the human resources can be kept as the redundancies are prevented thanks to the STW. Employers do not need to undergo costly recruitment processes. Employees can be
motivated with the usage of the scheme and the stress factor of losing a job is eliminated.

Despite the widely accepted positive aspects of STW practice, there are also shortcomings of the program. One of the most salient limitations of the STW is that it may exclude individuals who work without a contract. Only employees who have a labour contract may benefit from the scheme (Hijzen and Venn, 2011). Another disadvantageous aspect of STW programs is that their usage leads to reduction of working hours inefficiently (Cahuc and Carcillo, 2011).

Moreover, the STW scheme gives rise to a decline in the allocative efficiency of the labour market and reduction of working hours results in the loss of production and outputs (Cooper, Meyer and Schott, 2017). The production loss is confirmed also by research done based on a French experience. According to the research, STW is evaluated as an inefficient way of providing insurance to employees, and unemployment insurance payments financed by the contributions of employers are advised instead of STW allowances (Cahuc and Nevoux, 2017).

STW also has a deteriorating effect on the labour markets and it can cause inefficiency. Because the duration of inactivity is subsidized by the STW allowance and output of production is lowered due to the decreasing period of work. Therefore, the limitation of regular usage and expansion of STW is recommended (Cahuc and Nevoux, 2018). Since the jobs are maintained, the chance of having more productive jobs is reduced. According to Cahuc, instead of the usage of the government-sponsored STW schemes during a crisis, the bargaining process at the firm level for the duration of work, salaries, and employment may produce better effects (Cahuc, 2014).

On the other hand, STW practice is a costly way of keeping the jobs. The unemployment insurance funds may encounter the risk of being depleted because of the STW reimbursements.
1.1. Background

STW is generally accepted to have its origin in an Act that came into force on 25 May 1910 in Germany and was regulated for the compensation for reduced work in potash mining and the fertilizer industries. Then in 1924, the system was established as a response to the crisis in Germany under the name Kurzarbeit (Bundesagentur für Arbeit).

STW was referred by the countries many times during crises. With the outbreak of the Great Recession in 2008-2009, many European countries implemented STW schemes to eliminate the negative impacts of the economic recession by reforming their programs. According to research by Cahuc, Kramarz, and Nevoux, its average take-up rate in Organization for Economic Cooperation and Development (OECD) was below 0.2 % in the last quarter of 2007, just before the crisis while it rose to 1.3 % in the last quarter of 2009 (Cahuc, Kramarz, and Nevoux, 2018).

It was once again time to refer to STW schemes when World Health Organization declared the Covid-19 pandemic on 11 March 2020. The covid-19 pandemic has not only threatened the lives of millions in the whole world but also deeply affected the labour markets and economies. Business activity has sharply declined and deteriorated due to the long-lasting containment measures and workplace closures. Many people have lost their jobs. Many of them have encountered the risk of being redundant and exposed to poverty. Vulnerable groups such as women and young persons have been in a more disadvantageous position and inequalities have faced the risk of worsening even more.

In the first and the second quarter of 2021, the global loss in working hours has been calculated as 4.8 and 4.4 percent respectively which are equal to full-time 140 million and 127 million jobs. Global labour income declined by 8.3 percent in 2020. Unemployment increased globally by 33 million between the years 2019 and 2020, while it increased by 22 million in 2008-2009. The rate of global labour force participation has also decreased to % 58.7 in 2020 declining by 2.2 points which is ten-fold of the one in the Great Recession, 2008-2009. When compared to 2019,
additional 108 million employees are estimated to be in extreme or moderate poverty (International Labour Organization [ILO], 2021).

As for the OECD countries, at the first phase of the Covid-19 pandemic, total working hours were reduced by 12 percent, which accounts for a ten-fold activity drop when compared to the one in the fourth quarter of 2008 (Ebbinghaus and Lehner, 2021). According to the figures of Eurostat, the employment rate was 72.4% in the EU in 2020 for individuals aged 20-64, which means a drop for the first time since 2013. This rate was 73.1% in 2019 (Eurostat, 2021). Working hours reduced by 8.8% globally in 2020, in comparison to the last quarter of 2019. This equates to 255 million jobs and the loss of working hours was nearly four-fold of the one in the Great Recession in 2009. Half of the loss in working hours stemmed from putting short-time work schemes into practice. The remaining half was due to losses in employment (ILO, 2021).

The economic recession caused by the restrictions and lockdowns due to the Covid-19 pandemic led governments to visit once again STW measures to mitigate the adverse effects on employment. While some countries have regulated the procedures to enable the utilization by making conditions easier, some countries developed new regimes. European Union itself initiated a program that supports the member states in financing their STW schemes. An unprecedented amount of short-time work has been used in Europe; the largest amount registered in France, Germany, Italy, and the UK with the amounts consecutively 11.3 million, 10.1, 8.3 and 6.3 million individuals benefiting from the program. The quantity of total beneficiaries is estimated to have exceeded 40 million by the mid of 2020 while 1.5 million people were covered during the Great Recession in Europe (Ebbinghaus and Lehner, 2021).

In Turkey, STW schemes have a nearly 20-years legal ground. The scheme was first introduced in Article 65 of Labour Law No. 4857 in 2003. Then, in 2008, the provision was removed from the said law and inserted into Unemployment Insurance Law No. 4447 dated 25 August 1999. According to Additional Article 2 of this law, STW can be done in a workplace for no more than three months in case of temporary significant reduction of working hours or reduction of activity in the workplace due to the general
The Regulation for Short Time Work and Short Time Work Allowance dated 30 April 2011 also regulates in detail the procedures and criteria of utilization from the scheme.

With the outbreak of the Covid-19 crisis, as in many European countries, the regulations and eligibility criteria of benefiting from STW have also been reformed in Turkey to make entitlements easier. The STW was started being implemented on 1 April 2020 and ended on 30 June 2021. In this thesis, the effectiveness of the use of STW during the Covid-19 period in Turkey will be addressed. At the same time, a review will take place concerning the German experience of STW which would be intended to give ideas for a better implementation of STW. At the end of the thesis, there will be policy recommendations on how a better process of STW can be conducted in Turkey, in light of the practice of STW during Covid-19.

1.2. The Research Question and Its Significance

The purpose of this research is to examine the effectiveness of STW implementation in labour life in Turkey by particularly focusing on the latest STW program which was applied between the dates 01.04.2021-30.06.2021 because of the compelling conditions caused by the Covid-19 pandemic. The results are intended to allow proposing recommendations for the improvable areas of the STW scheme in Turkey.

The effectiveness of the STW implementation is operationalized in terms of a number of aspects: one dimension is about the possible capacity of the scheme to preserve the employment levels. In this regard, employment data is derived from the national statistics and interpreted to see what kind of a tendency it shows during the benefit allocation. The data referred to also includes the numbers of the insured persons, which is expected to reveal the sustainability of employment in the pandemic period. All information mentioned above is evaluated in the thesis with the most recent possible data.

Comprehensiveness is also related to the effectiveness of the STW. If an STW scheme does not include in its scope all the individuals in labour life who are affected by the
economic recession, then the effectiveness may deteriorate. It is also one of the criticisms asserted for the STW in that it excludes the persons without a permanent labour contract (Hijzen and Venn, 2011). By examining the comprehensiveness dimension, the thesis aims to find out if there is an excluded group which cannot benefit from the STW allowance.

The third aspect concerns other structural characteristics of an STW scheme, which also have the potential to influence effectiveness. Whether a social dialogue process is worked for the introduction of the STW, how the social security contributions are affected during the STW, what are the benefit amounts, how the benefit levels are determined e.g. whether the whole family of the beneficiary is taken into account, percentage of the employees who must be affected from the reduced working hours in an enterprise, whether a training program is integrated to the scheme and other requirements for benefiting from the STW are all related to the structural characteristics.

Whether there is a requirement of a tripartite consultation before the implementation of STW is found important since it would realize social dialogue between social partners and the government. Social dialogue means every type of negotiation and exchange of views about the joint issues in labour relations. The interests and benefits of both the employers and the employees can be balanced thanks to healthy conduct of social dialogue between the social partners and the government (ILO, 2021).

Another criterion that is related to the effectiveness of the STW is whether a holistic approach taking the whole family into account instead of the individual only is adopted during the determination of STW allowance. For instance, in Part 1, Article 4 of the European Social Charter, it is stated that all employees have the right to a fair wage which is sufficient for a decent living condition for themselves and their families (European Social Charter, Revised, 1/4, 1961). The family of the individual is taken into consideration in the law-making process of the Council of Europe. This is an obligatory condition for the countries which ratified the Article. Whether a similar approach is adopted about the STW allowances is found important to review.
How social security contributions of the short time workers are affected during STW or whether a training program is integrated into the scheme are found important for effective practice. Legislative regulations lay down the structural features and who can benefit from the STW allowance. In that sense, to address the comprehensiveness and characteristics of STW schemes, national legislation will be reviewed.

The research will include good practices from Germany where the STW model has its origin and was developed. STW model firstly emerged in Germany in 1910 and set a good example for a lot of countries in structuring their national models (Hekimler, 2017). The reason for selecting Germany as a reference country is this deep-rooted experience and its achievement in STW practice during the 2008-09 Great Recession. In Germany, STW was used massively during the crisis. If STW was not implemented, unemployment could have increased by twice in comparison with the scenario in which it was not used (Brenke, Rinke and Zimmermann, 2011). According to some other researchers, Germany’s experience during the Great Recession contributed to naming this successful process as a “German employment miracle”. The role of STW during that term was significant. The sharp decline of GDP as more than 6 percent did not result in a significant level of unemployment in Germany thanks to the usage of STW (Herzog-Stein, Lindner and Sturn, 2013).

On the other hand, because of the timing of the thesis, there is not enough research proving the success of STW in Germany during the Covid-19 pandemic. Therefore, the achievement during the Great Recession will be taken as a reference point. The STW scheme and the experience during the Covid-19 pandemic in Germany will be addressed in the thesis. Differing aspects from the Turkish implementation will be mentioned. This research will help find out how Turkish practice of STW can be improved to reach a better conduct level. Policy recommendations derived from the research of German experience and Turkish practice are also provided.

1.3. Methodology

The research method consists of a desk review, data collection, analysis, and interpretation. A desk review has been conducted to put forward a conceptual
framework that includes historical background, the definition of “short-time work” and a literature review derived from the former research. The desk review also includes the good practices of Germany’s STW scheme and the STW implementation of Turkey. This includes the legislative frameworks and latest amendments in regulations of the STW. The review aims to promote the understanding of the structural characteristics making it possible to contribute to evaluation concerning the effectiveness of the scheme. In this context, it serves to understand the population covered by the STW scheme, whether or not the social partners are included in the decision-making processes, how the social security premiums of short-time workers are affected by the STW practice, whether or not the family of the short time worker is taken into account while setting the amount of the allowance or whether or not any training activity is integrated into the process of STW. The answers given to these questions aim to contribute to determining the improvable areas of the Turkish implementation and to learn the ways of better conduct of STW.

As the second dimension of the research, data has been collected concerning the period of STW allowance payment made due to the Covid-19 crisis. The data derived has been analyzed to visualize the possible effectiveness. To reveal the possible effectiveness of the STW scheme on employment in Turkey, the data concerning employment pre-during-post STW allowance period has been collected from both Türkiye İstatistik Kurumu – Turkish Statistical Institute (TÜİK) and Sosyal Güvenlik Kurumu-Social Security Institution (SGK). Statistics of employment have been derived from the TÜİK. The data of the number of insured persons has been obtained from Sosyal Güvenlik Kurumu-Social Security Institution (SGK). The reason for collecting such data is that the persons who are provided STW benefits are deemed to be in employment although they work with reduced work durations. Therefore the data concerning employment is considered to provide strong evidence to see how STW has affected employment. The employment data has also been collected for Germany’s experience through official statistical resources.

The research also includes information on STW allowances. In Turkey data about STW allowances are registered by the Turkish Employment Agency-Türkiye İş Kurumu (İŞKUR). The information includes the amount of allowance and number of
payments as derived from the publications of İŞKUR. Such data includes how much STW allowance was paid to the beneficiaries during the Covid-19 pandemic.

The trend that employment displayed during the period of STW reimbursement has been monitored. The results have been visualized in the form of graphics and interpreted. The most recent data available including the term 01.04.2020-30.06.2021 payment duration has been included in the research.

In overall evaluation, the improvable areas of the STW have been derived from both Germany’s good practices of STW and the implementation of Turkey itself during the Covid-19 pandemic.

During the research and analysis process, there were some setbacks and the research remained limited because of the deficiency of some data. In the resources where the STW data was obtained, generally, it is not possible to see sub-diffractions such as the features of the beneficiaries (male-female), age, their sectors, and branches. The availability of such information could have deepened the analysis. This is valid for the statistics of both Germany and Turkey.

On the other hand, there is another limitation of the research; the statistics of STW allowances such as the number of beneficiaries and amount of the allowances paid are presented on monthly basis. However in Turkey, when the tables displaying the STW allowance information are examined, one cannot see the exact number of the persons who benefited from STW allowance although it is indicated as “number of persons” on the tables. It is added as a foot note on these tables that the “number of persons” phrase refers to “number of payments” which restricts the research. For example, for Germany, a researcher can monitor the number of short-time workers in a certain month and then examine the number of employed persons in the corresponding month which would allow seeing how many jobs could have been saved as a contribution of the STW. However, in Turkey, it is not possible to derive the exact monthly number from the national statistics. Both the exact monthly number of the short time workers and the information of sub-diffractions indicated above were requested from İŞKUR, but the information could not have been obtained. For this reason, analysis was made
by making use of the publications in which the total number of people who benefited from the STW were given.

1.4. Structure of the Thesis

Chapter 2 of the thesis provides information about the historical background of STW usage, the definition of the concept of “short-time work” and a conceptual framework that includes research findings and evaluations concerning the positive and negative impacts of the STW practice on labour life.

Chapter 3 includes the practice of the STW scheme of Germany. The structure and legislative regulation of the scheme and recent amendments due to the Covid-19 pandemic are briefly addressed and how they may have affected the employment in Germany are examined.

Chapter 4 focuses on the development and implementation of STW practice in Turkey. The legislative framework is presented. Recent amendments realized due to the Covid-19 pandemic on the legislation are also covered in this part and finally the implementation of STW allowance in Turkey during pandemic on 01.04.2020-30.06.2021 is assessed.

Chapter 5 generally includes the analysis derived from the data of the STW allowance collected during the Covid-19 pandemic in Turkey. Data from official institutions such as TÜİK, İŞKUR, and SGK are examined to give detailed statistical information. The data is analyzed and interpreted. This interpretation is derived from statistics of employment and insured persons and also the amount of STW allowance payments. The possible effect of the STW allowance on employment is also examined. The situation of unemployment insurance fund as a result of the practice of STW is addressed. Data regarding the excluded group of STW have been included and interpreted. At the end of this part, the differences between the Turkish STW scheme from the German STW scheme are discussed together with a brief evaluation concerning the differences of social and economic situation of both countries.
Chapter 6 is the conclusion chapter. An overall evaluation is made based on the all findings of the research. As a result, several policy recommendations which are seen as the areas of improvement are included in this part.
CHAPTER 2

CONCEPTUAL FRAMEWORK

2.1. Introduction

This chapter starts with a historical background of the STW schemes. Historical background aims to provide information about what the foundation of STW is, where it is first used, and for what purposes. Some specific terms in history when the STW was referred to are mentioned. Then the concept of STW is defined. The purpose of using STW schemes are indicated along with information regarding how it is used. Different phrases used for STW are addressed. The part will also address a conceptual framework that mainly focuses on the positive and negative outcomes of STW.

The review of the literature aims to allow seeing what outcomes STW implemented in different countries yielded and their effectiveness concerning employment. It also aims to reveal the shortcomings and limitations of the program.

2.2. Historical Background

The usage of the STW scheme is generally accepted to have its roots in an Act that came into force on 25 May 1910 in Germany and was regulated for the compensation for reduced work in potash mining and the fertilizer industries (Hekimler, 2015). However, other studies are indicating different periods for the first-ever usage of the STW. For example, some researchers put forward that the STW schemes date back to 1891 in Germany (Messenger and Ghosheh), while some others indicate that the first-ever usage occurred in 1909 in Germany with the rise of taxes in the tobacco sector resulting in reduced working hours in tobacco factories (Brenke et al., 2011).
With the onset of the Great Depression (1929), the STW scheme was used both in Europe and North America. The United States of America implemented the instrument very actively. In 1933, a Reemployment Agreement was adopted to struggle with the negative impacts of the Great Depression on employment. According to this regulation, the enterprises were supported to reduce the weekly working duration to 35 hours, raise the hourly salaries and recognize the collective bargaining rights of the employees. Following the period of World War 2, the usage of the STW schemes remained very limited except for a few European countries (Messenger and Ghosheh).

When it comes to the Great Recession (2008-2009), STW schemes were implemented intensively. According to the results from research by OECD, STW schemes implemented in several countries during this crisis played a significant role in protecting the employees from encountering unemployment (Hijzen and Venn, 2011).

The latest usage of STW has occurred with the outbreak of the Covid-19 pandemic in March 2020 when the potential threat of decline in business activity led countries to take extra measures to preserve employment. According to the OECD’s research, STW schemes saved about 50 million jobs in OECD countries by May 2020. This number is tenfold of the jobs saved during the Great Recession (Organisation for Economic Cooperation and Development [OECD], 2020).

2.3. **Defining the Concept of Short-Time Work (STW)**

In the 21st century, when globalization and technological developments gather pace, the competition between the states has increased. This necessitated a high level of adaptation to the newly emerged conditions of international trade and flexible ways of work have started to be introduced into the national legislations (Kayalı Çetinkaya, 2014). This type of works provides employers and employees with more flexibility concerning the duration, place, and way of work. Part-time working, on-call working, short-time working, compressed hours, job-sharing, and remote working are some of the types of flexible working.
STW can be defined as a type of flexible work which allows employers to reduce the working hours temporarily to mitigate the negative effects of the economic recessions which leads to the fall of demands and to maintain employment during a crisis. In this program, when the demands reduce in a workplace, the employers temporarily decrease the working hours to prevent layoffs. STW schemes are the instruments financed by the governments to preserve jobs during an economic crisis. For the hours not worked, income support is provided for employees generally from the unemployment insurance funds. This prevents the loss of jobs that eventually prevents the worsening of the economy.

For an enterprise to be able to compete in a challenging national/international market, minimizing costs is an important factor. When an employer wants to employ someone, he/she has to bear the costs of hiring him/her, invest for an employee to be more qualified for the business, and finance the educational costs. Therefore laying off a person means for an employer to go through again these difficult and expensive processes and should be the latest option. At this point, STW helps the employer to preserve the existing labour force by reducing the work durations temporarily even if the demand decreases due to financial difficulty (Cahuc, 2014).

Other phrases such as “short-time compensation programs” (Abraham and Houseman, 2013), “work-sharing schemes” (Crimmann, Wießner and Bellmann, 2010), or “job retention schemes” (OECD, 2020) are also used to define short-time working. In this research, STW is preferred to use since it is closer to implementation in Turkey.

Even though different phrases are used in literature and practice, the content and meaning of the above indicated lexical bundles are almost the same while work-sharing has a minor difference. International Labour Organization (ILO) made a definition for “work-sharing”. It defines it as a reduction of the working duration intended to distribute a certain amount of work to a bigger quantity of employees to prevent layoffs or increase employment. The cuts in wages resulting from the reduction of working duration may be compensated by the social support of the government (Hamandia-Güldenberg, 2004). As understood from the definition,
“sharing” here has a literal meaning. The amount of work is shared between the employees instead of layoff.

The short-time compensation program is defined as an alternative way to layoffs for employers whose commercial activities have been reduced. The employers are allowed to reduce their working hours and the lost salaries of the workers corresponding to the durations not worked are compensated by the government (McBride, 2020).

A job retention scheme is defined as a measure trying to protect jobs at enterprises that encounter a decrease in their business activities by reducing their costs and providing the employees with benefits for the durations not worked (OECD, 2020).

STW schemes generally have basic principles such as reducing the working durations temporarily in a whole workplace or a definite unit of the workplace, reduction in wages in proportion to the reduced working hours duration, supplying earning support to compensate the wage loss of the employees, generating a connection with training activities (Messenger and Rodríguez, 2010).

There are eligibility criteria that are to be met by the firms during application for benefiting from the program. These conditions vary by country and/or the context in which the program is implemented. But generally, the basic requirement and the eligibility criteria are based on a reduction of demand and therefore the economic activity due to the economic downturn (Hijzen, and Venn, 2011).

For instance, in Austria, for the Covid-19 pandemic crisis, to be eligible for the short time work allowance, the turnover of at least 40 percent must have been lost during the pandemic (mid-March-September 2020) in comparison with the same term in the last year. In Germany, one of the eligibility criteria is more than one-third of the workers have a loss in remuneration of more than ten percent in a month. In Turkey, labour inspectors make a compliance inspection to find out whether the workplace is eligible for getting the STW allowance. There are two criteria: at least one-third of the working hour must be reduced or the activity must be terminated partially or
completely at the workplace. Additionally, an evaluation is made on whether the workplace is affected by the incidence.

The duration, when the employees do not work due to the reduction of working hours is regarded as an opportunity for training activities in some countries. In the legislation of such countries, training programs are prerequisites to grant STW benefits. In other words, to be eligible for support from the government, the condition of attendance in a training program must be fulfilled. Uruguay, Hungary, and Chile are examples of such states (Messenger and Rodríguez, 2010). As another example, in Austria, as of October 2020, if a training activity is held by the employer during the duration not worked, the employees have to participate and the costs of the training are afforded by the Public Employment Service by 60 percent (Eurofound, 2020).

STW compensation programs are implemented by the governments and state themselves during economically difficult periods to protect jobs and employees and also the employers. The general rule is that the countries lay down the conditions and eligibility requirements and other issues related to the STW in the national legislations, implement the scheme and monitor it accordingly. However, it is possible to see an example of usage also at the international-supranational level. For instance, the EU adopted a regulation in May 2020 called SURE (European instrument for temporary support to mitigate unemployment risks in an emergency) supporting STW schemes of the national governments to fight against the negative effects of the Covid-19 crisis on employment in member states (Council Regulation (EU) 2020/672). The EU’s intervention can be evaluated as a part of the European social policy one of the purposes of which is promoting employment.

2.4. Implications of STW

STW is a commonly used tool to prevent collective redundancies during economic recessions. Extensive usage of STW schemes throughout the world for several decades brought about the eagerness to find out how this instrument affects labour life and its role in eliminating unemployment.
It is possible to evaluate that the prior purpose of STW is preserving employment. But there are also other positive implications. Crimmann, Wießner, and Bellmann’s study addresses the STW scheme in Germany (Kurzarbeit) and the way it is used to struggle against the jobs crisis during the Great Recession. In the study, it is argued that when an STW scheme is properly designed, it ensures to keep trained and skilled labour force in labour life, to minimize hiring costs, to protect the production, to boost the motivation of the staff during economic recessions. It is underlined in the research that work-sharing can help reduce temporary job losses (Crimmann, Wießner, and Bellmann, 2010). In another study conducted by Cahuc, temporary usage of STW help to keep the levels of employment during economic difficulties (Cahuc, 2019).

After the 2008-2009 Great Recession, since STW programs were massively used, a lot of studies focused on the implications of STW in the following period. In their research in 2011, Hijzen and Venn presented their evidence about the role of STW schemes in 19 OECD countries during the 2008-2009 recession. They found that these schemes played a significant role in protecting jobs during economic downturns. According to the research, Germany and Japan were the two countries in which the largest impacts in labour life were experienced (Hijzen and Venn, 2011). Having focused on the implementation of STW in Germany, Tudela, Launov, and Robin argued in their research that work sharing is an effective policy to decrease unemployment (Tudela, Launov, and Robin, 2018).

In another study by Boeri and Brucker, which includes an evaluation of the implementation of STW schemes during the Great Recession period, it is argued that STW programs contributed to the prevention of job losses during this period (Boeri and Brucker, 2011). Tilly and Niedermayer are the other researchers who studied the welfare and employment effect of STW during 2008-2010 in Germany (Tilly and Niedermayer, 2017). According to the research, in the recession period, the STW scheme reduced job losses.

In another study by Cahuc and Carcillo, the efficacy of STW policies and their impact on employment are discussed. It is underlined in the study that, during the recent Great Recession, this program helped reduce unemployment and yielded remarkable
beneficial results. Additionally, it is argued in the research that unemployment insurance programs may contain also the STW compensation which should be carefully designed to include an experience rating tool (Cahuc and Carcillo, 2011).

One of the country-based research about the STW is conducted in the Netherlands. According to the research by Pavlopoulos and Chkalova on the impact of STW implemented in the Netherlands in 2009-2011, STW participants encounter a considerably lower risk of getting unemployed after the implementation of the STW scheme in comparison with the employees of the non-participant companies. Moreover, STW prevents unemployment if the participant company spreads the implementation to many workers by not decreasing their working duration (Pavlopoulos and Chkalova, 2019).

Another recent country-based research is focusing on the STW implemented in Switzerland in a chosen period. Kopp and Siegenthaler wanted to find out whether the unemployment was decreased by the STW scheme implemented in Switzerland from 2009 to 2015 (Kopp and Siegenthaler, 2019). They reached the information that the STW program in Switzerland increased the survival of the establishments in their research in which the result is supported with dramatic figures. For instance, if the STW scheme was not applied, 20.500 workers would have been dismissed who work for 7.880 companies from 2009 to 2012.

However, the scheme may also have a series of limitations which are also reflected in the research. Wießner, in his note, mentions the negative impacts of the instrument such as large deadweight losses and displacement effects. The research offers to limit the STW duration to eliminate these effects. It is also underlined in the research that the schemes should only be implemented temporarily and for the employees who may find it difficult to take place in the labour market if they are made redundant (Wießner). The employees with relatively low qualifications may not have the opportunity to be re-employed when they are dismissed. The possibility of being unemployed for longer durations may be higher for those persons, which then may increase the unemployment levels. Therefore, keeping them with the STW measure in the labour market is important.
On the other hand, there are criticisms concerning the scope of the STW. The analysis of Hijzen and Venn (2011) indicates that this positive impact of the instrument was confined to only the employees with permanent employment contracts. The research also mentioned some additional costs, which stemmed from the implementation of the STW schemes. The study offers that the requirements for eligibility like the obligation to prove the financial need or a preliminary agreement with the social partners may decrease the losses.

It is underlined in the research of Cahuc and Carcillo (2011) that excessive use of the STW compensation program may cause an inefficient decrease in working duration. Moreover, these schemes may lead to ineffectiveness in the labour market and also a limitation of access of freelance and part-time workers to the labour market. It is explained that the employees cannot access more productive jobs since their jobs are preserved and this results in inefficiency in the labour market. Additionally, according to the research STW schemes are favorable during crises, but, in times of recovery, their efficacy is ambiguous. Another disadvantage is that the social security contributions undertaken by the employers will be higher when the STW lasts long.

According to Boeri and Brucker’s (2011) research, there are other ways more effective than STW during temporary shocks. These are factory-level bargaining over hours, employment, and wages level. Another result derived from the research is mentioned that the STW programs can’t be applied in countries that have different institutional structures since the demand for such programs is mostly affected by the instruments like the legislation of employment protection and collective bargaining centralization levels in the countries. On the other hand, it is argued in the research that the number of jobs saved is less than the full-time equivalent jobs and there are remarkable deadweight costs. In the research, Boeri and Brucker (2011) added that the STW scheme implemented in Germany was more effective due to the specific design features and yielded restrained deadweight costs.

Another research from European Commission finds STW schemes effective provided that they are used for a transient period and this efficiency can deteriorate very fast when the target of arranging the labour without layoffs goes against the demand to
keep an effective sectoral distribution of labour. The usage of the STW scheme supports the demand; however, it hinders the growth in productivity and income gains by delaying redistribution according to the research (European Commission, 2010).

Concerning the welfare effect of the STW, Tilly and Niedermayer (2017) argue that the welfare gains are limited due to the low earning loss related to unemployment of the workers of whom jobs have been saved upon the usage of the STW program. In the research, the importance of the flexibility of the work contracts is underlined to evaluate the efficiency of the program; if the work contracts are flexible and allow renegotiation of wages and hours, then, STW will have a quite smaller effect on employment.

It is found that the studies aiming to present the effectiveness of STW schemes are generally at the state level. The studies which adopt firm-level research are rarely met in the literature. In a research conducted for evaluating the effects of STW schemes at a company level in twenty EU countries for the Great Recession period, it is found that STW implementation is more salient in companies in which there are high recruitment expenses, stable wages, and also in countries with strict labour protection regulations. In the research, there is evidence found concerning the sectors. According to this evidence, in the construction and manufacturing sectors which utilized the schemes more than other sectors, the use of the schemes caused a fall in layoffs (Lydon, Matha, and Millard, 2019).

2.5. Conclusion

The usage of the STW scheme is generally accepted to have its roots in an Act that came into force on 25 May 1910 in Germany and was regulated for the compensation for reduced work in potash mining and the fertilizer industries (Hekimler, 2015). The scheme was used by many countries during recessions such as Great Depression (1929), the Great Recession (2008-2009), and due to the extraordinary conditions stemmed by Covid-19.
STW can be defined as a type of flexible work which allows employers to reduce the working hours temporarily to struggle with the negative impacts of the economic recessions which leads to the fall of demands. STW schemes have the purpose to preserve employment during the crisis. In this program, when the demands reduce in a workplace, the employers temporarily decrease the working hours to prevent layoffs. The governments provide income support for the employees whose working hours have been reduced.

Other terms such as “short-time compensation programs” “work-sharing schemes” or “job retention schemes” are also used to define short-time working. Extensive usage of STW schemes during the economic recessions throughout the world for several decades brought about the eagerness to find out how this instrument affects labour life and its role in eliminating unemployment.

The research in this field generally focuses on both positive and negative outcomes of the STW intervention. The general view is that the STW schemes are effective in preserving employment if they are used temporarily. Many studies emphasize the massive usage of the STW schemes during the Great Recession and evaluate the effects of the STW on employment.

The limitations mentioned in the research are generally an inefficient reduction in working hours, deadweight costs of the scheme, exclusion of the informally employed persons, distortion of the labour market, hindering the employees’ access to more productive jobs, leading to a loss in production. Again, a long-lasting STW scheme may bring about a higher burden of social security premiums for employers.

Undoubtedly, an STW scheme does not all the time bear positive outcomes with all the aspects. It is evaluated that when the STW is not temporary and if it lasts long, the economic burden on the funds, generally unemployment insurance funds, may inefficiently increase. Additionally, the qualifications of the employees may deteriorate with time. Training programs to be applied during STW can be integrated into the schemes to maintain the skills to prevent such loss. Moreover, the production loss stemmed by the long-lasting STW may result in a reduction of goods in the
market, which then may lead to inflationist pressure. However, this possibility of production loss is ventured with the expectation of preserving employment. In other words, the priority is keeping employment levels in the usage of STW.
CHAPTER 3

GERMANY’S EXPERIENCE OF SHORT-TIME WORK

3.1. Introduction

This chapter presents information about the implementation of STW in Germany. After general brief information about international implementation, legislative framework, and the experience of Germany during the Great Recession will be mentioned. Germany is chosen as a reference country due to its achievement of STW usage during the Great Recession. By May 2009, when the crisis had its peak, 60,000 companies and 1.4 million employees benefited from STW, which corresponds to 5% of the private employment. The program saved 400,000 jobs in Germany (Messenger and Ghosheh).

Then, recent legislative amendments made on STW legislation due to the extraordinary conditions of the Covid-19 pandemic will be included. Lastly, statistics on the STW allowance and employment will take place. The experience of Germany is thought to be a guide in both policy and practice aspects of STW and can be a good example of how to manage a better process of STW in Turkey, which is also the response to one of the questions of this research.

3.2. Background of STW Implementation in European Countries

The purpose of STW programs is to ensure the sustainability of jobs in the labour market by reducing the working hours and preventing collective layoffs during economic downturns.

During the Great Recession in 2008-2009, many countries referred to STW schemes in response to the shock waves of the economic recession. Some of these countries
such as Poland, Lithuania, Latvia, and Hungary launched these programs along with the recession and there was no implementation of the STW scheme (European Commission, 2010). However, before the outset of the economic crisis, some countries had already applied STW schemes as a response to recessions before. These developed countries were Canada, Germany, Austria, Switzerland, Belgium, and the Netherlands. Upon the onset of the Great Recession, those countries regulated their regime for STW. Not only developed countries but also developing countries such as Chile, Mexico, and Uruguay implemented STW schemes. However, most of the developing countries developed their schemes for the first time during the Great Recession (Messenger and Rodríguez, 2010).

More than 300,000 employees in Belgium benefited from different unemployment measures, which corresponds to 5.6% of the private employment while the participation in STW was much more limited in some countries such as France and Austria where less than 1% of private employment were benefited (Messenger and Ghosheh).

According to the findings in a final report by Walz, Buiskool, Collewet, Koning, and Calavrezo (2012), including the implementation of STW schemes in 12 EU countries, the countries which had already established their schemes extended the duration of their programs to be valid for the period of the crisis. Those durations were longer than the ones established newly in other countries and varied by country. Many of the countries such as Austria, Germany, and Belgium encouraged training programs and some of them such as Czechia, Slovenia, and the Netherlands made the training activities mandatory for utilization from the schemes. Additionally in some of the countries, agreements with the participation of social partners were concluded. Another finding by the research is that in some of the older member countries, the STW schemes are financed by the unemployment benefits while new members provide funds from the general budget or European Social Fund (Walz et al., 2012).

With the outbreak of the Covid-19 crisis, European countries encountered the great risk of weakening in employment and incomes. However, Europe’s job retention response was carried out as STW schemes ensured to protect employment and avoid mass redundancies. However, some other Nordic welfare states averted from referring
to such schemes during the pandemic because of the high costs (Ebbinghaus and Lehner, 2021).

Following the outbreak of the Covid-19 crisis, the EU launched a program called SURE (The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency) on 19 May 2020, which aims at assisting the member states in combating the negative social and economic outcomes of the crisis (Council Regulation [EU] 2020/672 of 19 May 2020).

One of the purposes of the SURE is presented as preserving jobs and workers against the risk of unemployment and income loss stemmed from the conditions of the Covid-19 crisis. According to the adopted regulation, member countries of the EU are made able to use financial support in assisting their national short time compensation or similar programs (Article 3). The regulation also includes the circumstances and procedures of supplying financial support to a member state which is facing economic difficulty in financing its STW scheme due to the Covid-19 crisis (Article 1). The maximum amount of financial support for all member states is determined as 100 billion euros until the end of 2022 (Article 5). According to the procedures for demanding financial support adopted under the title Article 6 of the Regulation, a member state applying for support needs to describe its national legislation regarding the STW scheme. The EU which is a supranational organization describes this initiative as “an expression of union solidarity” (European Commission, 2021).

The SURE mechanism has worked effectively during the Covid-19 crisis. According to a press release of the European Commission on 25 May 2021, from the beginning of the SURE support program, the EU has transferred nearly 90 billion to 19 member states under the SURE instrument with the latest disbursement on 25 May 2021 (European Commission, 2021).

The benefits under the SURE mechanism are open to all EU members. 19 EU member states have asked to receive benefits under the program. The remaining members can also request to have financial support. The total amount allocated under the SURE program is 100 billion euros. So there is still an amount above 10 million euros which
can be disbursed until the end of 2022. Table 1 below shows the disbursement amounts which are realized under the SURE mechanism (European Commission, 2021).

Table 1: The Amount of Disbursement under the SURE Instrument (25 May 2021)

<table>
<thead>
<tr>
<th>EU Member</th>
<th>Disbursed Amount (Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>8,197 billion</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>511 million</td>
</tr>
<tr>
<td>Croatia</td>
<td>1,02 billion</td>
</tr>
<tr>
<td>Cyprus</td>
<td>604 million</td>
</tr>
<tr>
<td>Czechia</td>
<td>2 billion</td>
</tr>
<tr>
<td>Estonia</td>
<td>230 million</td>
</tr>
<tr>
<td>Greece</td>
<td>5,265 billion</td>
</tr>
<tr>
<td>Hungary</td>
<td>504 million</td>
</tr>
<tr>
<td>Ireland</td>
<td>2.5 billion</td>
</tr>
<tr>
<td>Italy</td>
<td>27,438 billion</td>
</tr>
<tr>
<td>Latvia</td>
<td>305 million</td>
</tr>
<tr>
<td>Lithuania</td>
<td>957 million</td>
</tr>
<tr>
<td>Malta</td>
<td>420 million</td>
</tr>
<tr>
<td>Poland</td>
<td>8,236 billion</td>
</tr>
<tr>
<td>Portugal</td>
<td>5.41 billion</td>
</tr>
<tr>
<td>Romania</td>
<td>3 billion</td>
</tr>
<tr>
<td>Slovakia</td>
<td>630 million</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1,113 billion</td>
</tr>
<tr>
<td>Spain</td>
<td>21,324 billion</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td><strong>89,6 billion</strong></td>
</tr>
</tbody>
</table>

3.3. STW in Germany

STW program in Germany (Kurzarbeit) is not new. The scheme dates back to the 1910s when it was first implemented in potash mining and the fertilizer industry. Upon the decision made to reduce the production capacity in the potash industry, a scheme was designed to allow the German government to fill the payment gap for the employees who had to work less than before. This legal regulation laid the foundations of the STW scheme for the first time (Hekimler, 2015). The current STW scheme was introduced in 1957 (Tilly and Niedermayer, 2017).

STW arrangements of Germany are regulated under Social Code Book III (Sozialgesetzbuch (SGB) III). SGB includes three types of STW schemes:

- The first arrangement is structural STW which is applied in case of an unavoidable and temporary fall in orders as a result of economic crises or disasters (the type which is focused on in this thesis).
- The second arrangement is STW for restructuring of which the duration is used for training purposes or job transfer measures.
- The third arrangement is seasonal STW which is a sector-based scheme as a result of seasonal turndowns such as the construction sector (Eurofound, 2021).

As in other similar schemes, the system is based on reducing the working hours of the workers by preventing lay-offs to preserve jobs. If the sales are significantly declined, then the employers can apply for STW. In the Kurzarbeit system, when Federal Employment Agency approves STW, the employees are paid 60% of net income loss or 67% for ones with children for the duration not worked and the scheme can run for 6 months successively (International Monetary Fund [IMF], 2020). The costs for this unemployment benefit are met by the Federal Employment Agency (Bundesagentur für Arbeit).

For an employer to introduce STW, there should be a prior consultation and agreement with workers or a work council (Eurofound, 2021). In other words, the employers and
the employees or the council/labour union which represents workers, at the first phase, have to reach an agreement on the reduction of the working hours. Then an application is made to the Federal Employment Agency. The condition of launching STW is getting the approval of this institution.

Such an agreement and explicit consent of the employee can be reached via several ways: with consent in the initial labour contract, with a consent inserted into the labour contract by amending it, with an agreement with the works council if there is any or through an agreement of collective bargaining with trade union if there is any (Sechtem, Lüderitz, Peters, 2021).

Employers have the responsibility to submit monthly reports to the Federal Employment Agency on each of the employee’s work reduction in terms of hours. The payment is made by the Agency to the employer, which then allocates the benefits to his/her employees (Tilly and Niedermayer, 2017).

There are also other requirements such as temporary loss of work, and notification to the Federal Employment Agency about this. At least one-third of employees of the enterprise or in a certain unit of the company must be affected by the STW in the related calendar month and loss of income must be more than ten percent of the gross monthly salary. Another requirement is that the employer must have exhausted all the other options such as holiday leave and working accounts (Rauch, 2020).

As for the social security of the employees, STW has certain outcomes. The social security premiums are paid by the employer for the hours not worked during STW (Ministry of Labour and Social Affairs, 2021). However, there are facilitating conditions for the Covid-19 period which will be mentioned below.

STW covers workers who are subject to social insurance contributions and excludes persons who work in minor jobs, student employees, workers at statutory retirement age, persons receiving a pension because of incapacity, self-employed persons, and persons who work on a freelance basis (Sechtem et al., 2021).
Like many other countries, the Great Recession affected Germany negatively. Germany implemented the STW scheme efficiently during the Great Recession. In 2009, Germany’s GDP decreased by 4.7%. But this decline didn’t reflect unemployment proportionally. During the crisis, German authorities made the eligibility criteria for STW easier which attracted the use of the instrument. The users of STW started to increase as of October 2008 and reached its peak by May 2009 with 1.5 million users (Brenke et al., 2011). According to research, 6.5% of the labour force in Germany benefited from the STW scheme in 2009 (Tilly and Niedermayer, 2017). Thanks to the usage of the program, which involves almost 1.5 million employees, the unemployment in Germany could have been held to 7.5%, an increase of just 0.2% between 2008 and 2009 (Tresor-Economics, 2012) and more than 40 million people could have remained at the labour force according to the figures of Federal Statistical Office (Brenke et al., 2011). It is estimated that if STW was not implemented during the crisis, unemployment figures would have increased twice.

The following charts (Figures 1-3) display information about the quantity and rate of change in these levels about short-time workers over the years.

![Figure 1: Short-Time Workers in Germany, 1991-2021](source: Statista, 2021, Number of short-time workers in Germany annually from 1991 to 2021 and monthly from January 2020 to July 2021, Access Date: 09.09.2021)
Figure 2: Short-Time Workers in Germany, 2010-2021

Source: Statistics of German Federal Employment Agency, 2021, Short-time workers,
Access Date: 23.08.2021, Access Page: https://www.destatis.de/EN/Themes/Economy/Short-Term-Indicators/Labour-Market/karb840.html

Figure 3: Rate of Change in Quantity of Short-Time Workers in Germany, 2010-2021

Source: Statistics of German Federal Employment Agency, 2021, Short-time workers,
Access Date: 23.08.2021, Access Page: https://www.destatis.de/EN/Themes/Economy/Short-Term-Indicators/Labour-Market/karb840.html
3.4. **Recent Amendments made due to Covid-19**

As in previous experiences, such as the one during the Great Recession, Germany has made a series of amendments to facilitate the usage of STW during the Covid-19 pandemic. A regulation called “Ordinance Concerning Short-time Work Allowances (Kurzarbeitergeldver-Ordnung-KugV)” has been adopted on 23 March 2020. Additionally, “Law on Social Measures for Fighting the Coronavirus Pandemic (Gesetz zu sozialen Maßnahmen zur Bekämpfung der Corona-Pandemie)” has brought about some amendments (Konle-Seidl, 2020).

According to the newly adopted regulations, it is sufficient for 10 percent of the workforce to be affected by the reduction of work duration. The previous requirement was one-third of the employees. Additionally, the period of eligibility has been extended to up to 24 months if they started STW on/before 31.12.2020. The latest date is set as 31.12.2021 (Federal Government, 2020).

Federal Employment Agency covers all of the employers’ social security contributions for the durations not worked for dates 20 March 2020 and 30 June 2021 (Effenberger, Koelle and Barker, 2020). The employer pays the social security premiums and is reimbursed by the Federal Employment Agency. For the term starting from 1 July 2021 to 31 December 2021, 50 percent of the social security premiums are paid by the Federal Employment Agency to the employer. The condition for this is the registration of the employer to the STW scheme before 30 June 2021 (Federal Government, 2020).

Another amendment is the increase in STW allowance. Normally, the STW benefit is 60 percent and 67 percent for persons with at least one child as indicated above. If income loss is more than fifty percent and if the employer’s claim has been realized before 31.03.2021, then as of the fourth month of the STW, the amount of the allowance rises to 70 percent and 77 percent for persons with at least one child; as of the seventh month, it increases up to 80 percent and 87 percent for persons with at least one child (Sechtem et al., 2021).
Vocational development training during STW is encouraged. The training costs were decided to be covered by 100 percent for enterprises employing up to 10 employees, 50 percent for enterprises employing 10-249 workers, and 25 percent for enterprises employing 250-2,499 workers and fifteen percent for enterprises employing 2,500 or more employees (Dinçay, 2021).

3.5. Data Collected during COVID-19 on STW and Employment

STW allowance was revisited massively in Germany in 2020 when the Covid-19 pandemic started. As of 1 March 2020, companies that experience a decline in orders can make an application to Federal Employment Agency for utilization from STW allowance if at least 10% of the workforce is affected by the lack of work (Eurofound, 2021). At the time of this thesis being written, the STW which was started in March 2020 is planned to be expired by 30 September. However, the possibility to extend the usage until the end of 2021 is also mentioned (Carter, 2021).

Table 2 below shows the number of workers who are paid STW allowance as of the start of the Covid-19 pandemic.
<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Number of Short-Time Workers (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>January</td>
<td>0,13</td>
</tr>
<tr>
<td></td>
<td>February</td>
<td>0,13</td>
</tr>
<tr>
<td></td>
<td>March</td>
<td>2,58</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>May</td>
<td>5,71</td>
</tr>
<tr>
<td></td>
<td>June</td>
<td>4,45</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>3,31</td>
</tr>
<tr>
<td></td>
<td>August</td>
<td>2,54</td>
</tr>
<tr>
<td></td>
<td>September</td>
<td>2,23</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td>2,02</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>2,39</td>
</tr>
<tr>
<td></td>
<td>December</td>
<td>2,68</td>
</tr>
<tr>
<td>2021</td>
<td>January</td>
<td>3,29</td>
</tr>
<tr>
<td></td>
<td>February</td>
<td>3,27</td>
</tr>
<tr>
<td></td>
<td>March</td>
<td>2,70</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>2,34</td>
</tr>
</tbody>
</table>

As seen in Table 2 and Figure 4, displaying the number of short-time workers in Germany, the persons who benefited from the STW allowance were at very low levels at the beginning (January and February) of 2020. With the outbreak of Covid-19, the number of short-time workers reached a record level which is 6 million in April. Starting from April 2020, the number has displayed a decremental trend until the end of the year. A moderate increase is seen in the numbers which are 2.39 million in November and 2.68 million in December. By the beginning of 2021, the levels are having a linear trend. These figures are much more above the quantity of STW allowance recorded during the Great Recession in Germany where the number of short-time workers peaked at nearly 1.5 million in 2009 May.
Figure 5: Employed Persons Residing in Germany, million, 2019-2021


Figure 6: Change in Number of Employed Persons in Germany compared to the previous month, %, 2019-2021

According to Figures 5 and 6, the biggest change in the number of employed persons was in April 2020 with -0.8 percent while the lowest level of employment was recorded in February 2021 with 44.56 million persons. This level has kept its position until July 2021. Before the pandemic outbreak, the number of employed persons was 45.29 million (March 2020) while the lowest level was 44.56 (February 2021) million persons. Therefore, there is a gap of nearly 730 thousand persons. In July 2021 when the recent data is attained, the gap is smaller, nearly 570 thousand persons. This means that the number of employed persons is recovering in 2021. It is possible to evaluate that the number of employed persons would have been decreased to a significant level if STW did not work in Germany. For example, according to the data given above, in May 2020 when the levels of employment declines to 44.61 million (Figure 5), the jobs of almost 6 million workers were protected through STW allowance. If STW was not operated, then the level may have decreased to nearly 38 million which means a 13 percent decline at employment levels when compared to pre-pandemic levels.

3.6. Conclusion

In this Chapter, Germany’s experience of STW is addressed. The reason for selecting Germany is gathering good practices of the STW scheme, which can be good examples for Turkish implementation to provide a guide for more effective usage. Germany has a deep-rooted experience of STW which dates back to the 1910s. It was first implemented in potash mining and fertilizer industries during the reduction of working hours.

STW was visited massively during the Great Recession in European countries which wanted to preserve the jobs under the threat of being lost due to the bad economic conditions. Some of the countries such as Canada, Germany, Austria, Switzerland, Belgium, and the Netherlands reformed their STW schemes for usage during the recession, and some of them build new schemes. Germany was one of the European
countries which referred to work sharing measures. Almost 1.5 million employees benefited from the STW in 2008 and 2009 in Germany (Tresor-Economics, 2012). With the outbreak of the Covid-19 pandemic in 2020, STW has been once again referred to mitigate the negative outcomes of the crisis on employment in Europe. As a supranational organization, the EU has launched the SURE program to support the member states financially for them to fund their STW programs. 100 billion euros has been allocated for the member states. 19 EU member states have benefited from the fund. 89.6 billion euros was paid to those 19 member states (European Commission, 2021).

In light of the pandemic conditions which has affected employment, Germany has regulated the scope and the eligibility conditions to provide easier access to STW. By taking into consideration the impact of the Covid-19 on labour market, the STW has been implemented as never before including the Great Recession.

Concerning the STW, German statistic institutions allow one only to see monthly numbers of beneficiaries. The total number of beneficiaries per year could not have been obtained. This allows a monthly interpretation of the quantities. In the light of these statistics, it is understood from the analysis that the STW has contributed to preserving jobs in Germany. According to the analysis obtained from the statistics of May 2020, if STW was not operated, then the number of employed persons may have decreased to nearly 38 million which means a 13 percent decline at employment levels when compared to pre-pandemic levels.
CHAPTER 4

TURKEY’S EXPERIENCE OF SHORT-TIME WORK

4.1. Introduction

This chapter presents the framework for the implementation of STW in Turkey. After providing a historical background of the scheme in Turkey, information concerning the legislative regulations will be given. Recent amendments due to the Covid-19 pandemic will be included.

The review of the Turkish STW with all its aspects including legislation and implementation will allow us to find out the effectiveness of the program under the criteria mentioned in the introduction part. This will contribute to the overall evaluation of the Turkish implementation of STW in the conclusion part.

4.2. STW in Turkey

STW arrangement is an important social policy instrument that enables the sustainability of jobs during economic shocks. Such programs present a useful way for employers to keep their human resources rather than laying the employees off due to financial difficulties. This is a multilaterally beneficial arrangement seeking the benefit of both employer and the employees. An employer can maintain a trained, qualified, and experienced labour force and employees can keep their positions in their company (Messenger and Rodriguez, 2010).

Like many other countries, Turkey has been implementing the STW scheme officially since 2003 when it was first introduced into law. The first-ever statistical data about the STW is in 2005 as can be seen below in Table 3. From the legal ground point of view, the STW arrangement can be mentioned as a newly launched measure that has
nearly 20-year-past. However, studies are indicating that some establishments had made the work durations flexible at the workplace by negotiating with the employees or the labour unions also before the Labor Law was adopted in 2003 (Kuzgun, 2005).

Moreover, even if the STW scheme was not legislated before 2003 when the Labour Law was enacted, it was mentioned in the development plans adopted before 2003. For instance, according to the seventh 5-year development plan adopted for the years 1996-2000, under the title “The Project on Increasing Employment and Effectiveness in Labour Market”, renewing the working life legislation in line with the harmonization with the EU and ILO norms and increasing flexibility in the labour market and regulating new forms of work are regarded as essential elements. Besides, the statement in the said plan includes also a commitment to start works to shorten the legal working hours and allow flexible working types without decreasing productivity to improve employment (7. 5-Year Development Plan, 1996-2000).

Since 2003, when it was first introduced into law, the program was referred many times in response to financial difficulties. Table 3 includes information derived from the publications of İŞKUR about the STW allowance paid throughout the years.
Table 3: Short-Time Work Allowance in Turkey, 2005-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Payments(^1)</th>
<th>Paid Amount (thousand TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>217</td>
<td>64</td>
</tr>
<tr>
<td>2007</td>
<td>40</td>
<td>22</td>
</tr>
<tr>
<td>2008</td>
<td>650</td>
<td>70</td>
</tr>
<tr>
<td>2009</td>
<td>190.223</td>
<td>162.506</td>
</tr>
<tr>
<td>2010</td>
<td>27.147</td>
<td>39.194</td>
</tr>
<tr>
<td>2011</td>
<td>5.821</td>
<td>4.244</td>
</tr>
<tr>
<td>2012</td>
<td>2.840</td>
<td>3.003</td>
</tr>
<tr>
<td>2013</td>
<td>896</td>
<td>824</td>
</tr>
<tr>
<td>2014</td>
<td>123</td>
<td>74</td>
</tr>
<tr>
<td>2015</td>
<td>1441</td>
<td>305</td>
</tr>
<tr>
<td>2016</td>
<td>972</td>
<td>1.277</td>
</tr>
<tr>
<td>2017</td>
<td>506</td>
<td>760</td>
</tr>
<tr>
<td>2018</td>
<td>4.390</td>
<td>3.071</td>
</tr>
<tr>
<td>2019</td>
<td>227.126</td>
<td>181.809</td>
</tr>
<tr>
<td>2020</td>
<td>16.651.440</td>
<td>25.565.354</td>
</tr>
<tr>
<td>2021 January</td>
<td>1.401.567</td>
<td>2.191.200</td>
</tr>
<tr>
<td>2021 February</td>
<td>1.329.490</td>
<td>2.114.750</td>
</tr>
<tr>
<td>2021 March</td>
<td>1.158.123</td>
<td>1.777.670</td>
</tr>
<tr>
<td>2021 April</td>
<td>1.086.830</td>
<td>1.594.803</td>
</tr>
<tr>
<td>2021 May</td>
<td>1.314.311</td>
<td>2.036.195</td>
</tr>
<tr>
<td>2021 June</td>
<td>991.466</td>
<td>1.482.417</td>
</tr>
<tr>
<td>2021 July</td>
<td>3.786</td>
<td>4.895</td>
</tr>
</tbody>
</table>


\(^1\) The numbers under the column named as “Number of Payments” are not representing the total number of individuals, but number of payments who were granted STW allowance.
As one can see from Table 3 and Figure 7 above, the number of payments and the amount paid remained at moderate levels in the early years (2005-2008) of the STW allowance implementation in Turkey.

When it comes to the Great Recession in 2008-2009, Turkey couldn't stay unaffected by the global economic crisis as a country that is integrated into the global economy. The Turkish government took some measures to combat the negative outcomes of the crisis including a series of measures concerning employment. In this term, the amount of STW fund was enhanced by 50% and its duration was increased from 3 to 6 months exclusively for 2008, 2009, and 2010 (Ercan, Taymaz, and Yeldan, 2010). Therefore, an uptick is seen during the economic crisis on both the number of payments and thus the paid amount.

After the recession, starting from the year 2011, STW payments came to lower levels and this trend continued until 2019. In 2019, the amount of STW allowance increased 60 times when compared to the year before.
In 2020, this amount made its pick as never seen before in the history of the program; nearly 26 billion TL was reimbursed for 16,651,440 payments. The reason for this extraordinary uptick was the Covid-19 pandemic as a compelling reason for employers to apply for STW arrangements, which will be mentioned in detail in the following parts.

4.3. Legislative Framework

4.3.1. Unemployment Insurance Law

A legislative foundation was built under Labour Law No. 4857 which was introduced in 2003 as Article 65 with the title “Short-time work and short-time work allowance” (Labour Law No. 4857, 2003).

Then, in 2008, this arrangement was removed from the Labour Law and inserted into Unemployment Insurance Law No. 4447 dated 25 August 1999 as an additional clause (Unemployment Insurance Law, 1999). With this amendment employees who work with a labour contract outside the scope of the Labour Law have started to benefit from STW allowance (Koç, 2019).

STW allowance took place in the Additional Article with number 2 in the Unemployment Insurance Law No. 4447. According to the said clause;

- STW can be implemented in the workplace for a period not exceeding three months
- In case of the temporary significant reduction of weekly working hours or the complete or partial stop of activity in the workplace
- Due to the general economic, sectoral, or regional crisis or compelling conditions.

Above are the conditions of implementation of STW in a workplace. The condition of “significant reduction” in working duration seems like an ambiguous expression. In another saying, what to understand from this term is not clear in the provision. However, it is understood that the law leaves the detailing of the “significant reduction” to the Regulation which is being addressed below.
The group which can benefit from STW allowance is determined as insured persons (4/a) who work with a labour contract under an employer, have the liability to the unemployment insurance premium, and persons who are excluded from 4/b and 4/c of the Social Insurance and General Health Insurance Law No. 5510 (Social Insurance and General Health Insurance Law No. 5510).

If those insured persons meet the conditions of entitlement for unemployment allowance stipulated in Article 51 of the Unemployment Insurance Law No. 4447 except for the denunciation of a labour contract, they are entitled to receive the STW allowance. Accordingly, an insured person must have worked in the workplace with a labour contract for the last 120 days before the commencement of STW and paid unemployment insurance premiums for at least 600 days within three years.

The employer, who employs individuals subject to a labour contract, immediately notifies the İŞKUR and if any, the contracting trade union of the collective labour agreement, with a letter of his request for STW along with his justifications and reasons in case of a decision of STW.

The procedures and principles regarding the determination of the appropriateness of the request are determined by a regulation (Regulation on Short-Time Work and Short-Time Work Allowance, 2011) to be issued by the MoLSS (Ministry of Labor and Social Security, Çalışma ve Sosyal Güvenlik Bakanlığı), by taking the opinions of the relevant institutions and organizations.

STW allowance is paid from the Unemployment Insurance Fund. Daily STW allowance is 60% of the daily average gross earning of the insured calculated by taking into account the earnings subject to the last twelve months’ premium. The amount of STW allowance calculated in this way cannot exceed 150% of the gross amount of the monthly minimum wage applied for workers older than 16 years, according to Article 39 of Labour Law No. 4857.

The transfer of insurance premiums of those benefiting from STW allowance and the provision of health services are carried out within the framework of the principles.
specified in Social Insurance and General Health Insurance Law No. 5510. Payments made as STW allowance are deducted from the initially determined unemployment allowance period.

In the case of STW due to force majeure reasons, the payments of STW allowance start after the one-week period stipulated in subparagraph (III) of Article 24 of Labour Law No. 4857 and Article 40 of the same Law.

According to the Additional Article with number 2, the President is authorized to extend the duration of the STW allowance up to six months and to determine whether it will be deducted from the unemployment allowance.

The overpayments made due to the employer's providing incorrect information and documents are collected from the employer together with the legal interest.

A series of provisional clauses have been added to Unemployment Insurance Law to make an adaption of the law to the new situation upon the Covid-19 pandemic. Those amendments serve the purpose of increasing the efficiency of the STW scheme. Those provisional clauses which are 23, 24, 25, 26, and 29 will be mentioned in the forthcoming part of this thesis.

As understood from the above regulation, civil servants and individuals working on their account without a service contract, interns, trainees are not able to benefit from STW allowance. However, the Unemployment Insurance Law No. 4447 regulates a fund called “Fund for Esnaf ve Ahilik” (Esnaf ve Ahilik Fonu) in its Additional Article No. 6. According to this fund, tradesmen and craftsmen are also obliged to pay premiums in terms of unemployment insurance. However, the fact that this fund will enter into force on 31.12.2023 eliminates the opportunity of tradesmen to benefit from both unemployment and STW allowance.

On the other hand, as one can see, the requirement of fulfilling a period of insurance and amount of premium can be met by an employee who works under an employer with a labour contract according to the legal regulation. This insured person can benefit
from the STW allowance when all conditions are fulfilled. In other words, someone who works with no registration or no labour contract and who is not insured cannot claim for an allowance. This means that persons who are informally employed are excluded from the scope of the STW allowance.

4.3.2. Regulation on STW and STW Allowance

Another legal regulation concerning STW is Regulation on Short-Time Work and Short-Time Work Allowance dated 30 April 2011 (Regulation on Short-Time Work and Short Time Work Allowance, 2011) which is directly intended to include the rules of the application and utilization of the STW scheme. This Regulation took its final form with an amendment which was made on 9 November 2018.

This Regulation establishes the rules and procedures for paying STW allowance to employees in case the employer who employs individuals deemed to be insured under the Unemployment Insurance Law No. 4447 and dated 25 August 1999, subject to a service contract, temporarily reduces the weekly working hours significantly at the workplace or to completely or partially stops the activity temporarily in the workplace due to the general economic, sectoral or regional crisis and compelling conditions.

4.3.2.1. Definitions

The Regulation includes the definitions of economic, sectoral, or regional crisis and force majeure conditions.

A regional crisis is defined as a situation in which enterprises operating in a particular province or region are seriously affected and shocked economically due to national or international events. A general economic crisis is defined as a situation in which events occurring in the national or international economy seriously affect and shock the country's economy and therefore the enterprises. A sectoral crisis is defined as situations where the sectors are directly affected by the events occurring in the national or international economy and the enterprises in other sectors related to these are seriously shocked.
Force majeure is defined as earthquake, fire, flood, epidemic disease, mobilization, and similar reasons that are not caused by the employer's management and administration, which are not predictable, which cannot be eliminated as a result, resulting from external effects, resulting in a temporary reduction of working time or complete or partial cessation of the activity. STW is defined as the working time, not exceeding three months, applied in the workplace which is temporarily reduced by at least one-third in the whole or a part of the workplace or the activity is completely or partially ceased for at least four weeks without seeking continuity.

It is seen that the force majeure conditions are addressed in a way to avoid the limitation in the compelling reasons by stating them as earthquake, fire, flood, epidemic disease. Additionally, those conditions are defined as incidences that are unpredictable resulting from external effects thus cannot be eliminated as a result. In Labour Law, the compelling reason is defined as an incidence that lasts longer than a week and causes work to stop at the workplace. Therefore, it can be understood that compelling reasons mentioned in Articles 24/III, 25/III, and 40 of the Labour Law No. 4857 are mentioned here.

4.3.2.2. Content of Notification by Employer for STW

According to the Regulation, the employer who demands STW in the workplace due to the general economic, sectoral or regional crisis and compelling reasons shall make a written notification to the İŞKUR’s units in provinces or districts and, if any, the labor union that is the party to the collective bargaining agreement. The employer shall include the below points in the written notification:

- Effects of the general economic, sectoral or regional crisis and compelling reasons on the workplace and what the compelling reason is,
- The title and address of the workplace, if any, the labour union which is the party to the collective labor agreement, the İŞKUR number of the workplace, and the social security workplace registration number,
- The list of the employees who will be in the scope of STW, prepared in the format determined by İŞKUR in digital and written media.
In addition to the information and documents written above, the employer adds the supporting documents to be included in the application document. In the applications made on behalf of the legal entity company, the decision taken by the decision body of the legal entity regarding the application of STW is attached to the application.

All necessary documents such as balance sheet, orders received, orders placed, bank records, etc., which prove that the workplace is affected by the general economic, sectoral or regional crisis or compelling reasons, are also attached. The labour inspectors when necessary may also request the relevant information and documents during the examination of eligibility determination.

4.3.2.3. Evaluation of the Demand for STW

İŞKUR units firstly evaluate the demand of the employer for STW in terms of reason and form. The decision is made by the Board of Directors of İŞKUR in case of the presence of general economic, sectoral or regional crisis and compelling reasons arising from external effects or in the case of assertions by the confederations of labour and employers' unions or if there is a strong indication in this direction. If there is no decision taken by the Board of Directors for the reasons stated above, the applications made by the employers are rejected by the İŞKUR’s unit.

Demands received from employers are sent immediately to the relevant unit of the Directorate of Guidance and Inspection for labor inspectors to determine the eligibility. Eligibility determination results are notified to related İŞKUR’s units and then to the employer by the İŞKUR’s units. The employer announces the situation in a place where the workers can see it in the workplace and informs the labour union, which is a party to the collective agreement if any. In cases where an announcement cannot be made to the workers via announcement, written notification is made to the workers subject to STW.

After the eligibility determination is completed, employer requests for changing the list of workers to be employed for STW and/or increasing the short working time duration applied in the workplace are considered as new applications. Other
procedures regarding STW application and eligibility are determined by İŞKUR and/or the MoLSS.

4.3.2.4. Conditions of Eligibility for STW

For the worker to benefit from STW allowance, the employer's request for STW must be approved and the employee must be entitled to unemployment allowance in terms of working hours and the number of unemployment insurance premium days, according to Article 50 of Law No. 4447, on the commencement date of STW. As indicated above, an insured person must have worked in the workplace with a labour contract for the last 120 days before the commencement of STW and paid unemployment insurance premiums for at least 600 days within three years.

4.3.2.5. Amount and Payment of STW

The amount of daily STW allowance is 60 % of the average daily gross earnings calculated by taking into account the earnings subject to premium for the last twelve months of the insured, provided that it does not exceed 150% of the gross amount of the monthly minimum wage applied for workers under Article 39 of the Labor Law dated 22/5/2003 with number 4857.

STW allowance is paid according to the principles in Article 50 of the same Law, provided that it does not contradict the Additional Article 2 of Law No. 4447. The duration of the STW allowance is for a period not exceeding three months. STW allowance is calculated monthly for non-working periods, complementing the weekly working period applied in the workplace. The time interval for short work within the daily, weekly, or monthly working period is determined by the employer, taking into account the traditions of the workplace and the nature of the job.

STW allowance is paid over the actual STW period provided that it does not exceed the period specified in the eligibility determination. For instance, when a worker who works 45 hours a week and with a monthly gross salary of 4000 TRY according to the labour contract, performs 22.5 hours of STW per week, 2000 TL (including insurance premium, unemployment insurance premium, income tax, and stamp tax) will be paid.
by the employer, for the remaining part of 22.5 hours (assuming that the gross earning is 4000 TL), sixty percent of the 2000 TL part is transferred to the employee’s bank account from the unemployment insurance fund after stamp tax deduction.

In cases where STW is implemented in the workplace for compelling reasons, the payments start after the one-week period stipulated in the sub-clause (III) of Article 24 and Article 40 of Law No. 4857. For the period in which the worker receives STW allowance, the insurance premium to be paid under the Social Insurance and General Health Insurance Law No. 5510 dated 31.05.2016 is transferred to the Social Security Institution by the Unemployment Insurance Fund.

If a worker who benefits from STW allowance gets redundant before the conditions stipulated in Law No. 4447 are met, s/he shall benefit from unemployment allowance until s/he fulfills the period of unemployment benefit s/he deserved before, after deducting the period of STW allowance.

According to this regulation, for instance, when an employee who benefits from STW allowance for three months and whose number of premium payment days in the last three years is between 600-900 days becomes unemployed in a way that meets the conditions for entitlement to the unemployment allowance, s/he will be entitled to 90 days of unemployment benefit since s/he has received STW allowance for 3 months. Under normal conditions, if s/he did not receive the STW allowance, s/he would receive an unemployment allowance for 180 days. However, the duration of the STW applied due to compelling reasons stemmed from the Covid-19 pandemic, is not deducted from the unemployment benefit due to the provision in the Presidential Decree published in June 2020.

The amount of wages and STW allowance for non-working week holidays, national holidays, and general holidays of the worker who does short work is paid by the employer and İŞKUR in proportion to the period of short work.

STW allowance cannot be sequestrated or transferred or assigned to anyone other than alimony debts. The overpayments made due to the wrong information and documents
provided by the employer are collected from the employer together with the statutory interest, and the excess payments arising from the fault of the employee are collected from the worker together with the statutory interest.

4.3.2.6. Supervision and Suspension of STW Allowance

Inspection of workplaces regarding STW practice is carried out by labor inspectors. During the inspection conducted in the workplaces where the STW practice continues, in case that it is determined that the employer has given incorrect information and documents about the working hours of the workers who receive the allowance, and in the case of the written request of the labor inspector, the STW allowance is stopped, taking into account the number of workers who are given erroneous information.

The expenses incurred by the MoLSS within the scope of the Travel Expense Law No. 6245 to determine the appropriateness of the request for STW applications are covered by the Unemployment Insurance Fund (Travel Expense Law No. 6245). The revenues of the Unemployment Insurance Fund are composed of the premiums calculated based on monthly gross salary, paid by the employer (2%), by the insured (1%) and by the government (1%), and the earnings and revenues obtained from the evaluation of these premiums, late fee and interest revenues received from the employers.

The expenditures of the Unemployment Insurance Fund are composed of the allowances paid to the insured unemployed persons, sickness and maternity insurance premium payments, career development expenses, replacement and acquisition training expenses, the share allocated to the wage guarantee fund, expenses incurred by İŞKUR upon the approval of the Board of Directors to fulfill unemployment insurance services (Article 49 of Unemployment Insurance Law Nr 4447).
Table 4: Revenues and Expenditures of Unemployment Insurance Fund

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums from Employees (1%) and Employers (2%)</td>
<td>Unemployment Benefit</td>
</tr>
<tr>
<td>Government Subsidy (1%)</td>
<td>STW Allowance</td>
</tr>
<tr>
<td>Revenue of Interest</td>
<td>Cash Wage Support</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>Half Time Work Allowance</td>
</tr>
<tr>
<td></td>
<td>Wage Guarantee Fund Allowance</td>
</tr>
<tr>
<td></td>
<td>Active Labour Programs</td>
</tr>
<tr>
<td></td>
<td>Job Shadowing Programs</td>
</tr>
<tr>
<td></td>
<td>Payments for Incentives and Support</td>
</tr>
<tr>
<td></td>
<td>Other Expenditures</td>
</tr>
</tbody>
</table>


4.3.2.7. Cessation of STW Allowance

STW allowance is ceased if those who receive STW allowance are employed, start to receive an old-age pension, are called to arms for any reason, leave their job due to a work duty arising from any law, or in case of the start of temporary incapacity benefit.

Until this part of this chapter, the legislative framework on STW in Turkey has been provided. However, in the recent period when there is a massive usage of STW due to the Covid-19 period, there is an ongoing synchronous controversy on whether the time spent in the STW will be taken into account in the calculation of severance pay or not.

Article 55 of the Labour Law No. 4857 clearly defines the situations in which an employee is deemed to have worked in terms of annual leave. In this article, it is regulated that the time spent in STW must also be taken into account. Therefore, due
to this phrase in the law, it is doubtless that the time spent in STW must also be taken into account in entitlement to annual paid leave. However, it is controversial whether the periods spent in STW will be taken into account in the severance pay. Similarly, there is no clarity on how much of the STW applied will be taken into account. These aspects are explored below.

In Turkish law, severance pay is regulated in Labour Law No. 1475. In Article 14 of the mentioned law, the conditions for entitlement to severance pay and the manner and amount of severance pay are specified. Accordingly, the employee whose employment or service contract terminates as required to receive the severance pay shall be paid a 30-day payment for each year in proportion to the length of time the employee has worked. For periods exceeding one year, the amount to be calculated over the same rate is paid. As can be seen, the severance pay is calculated according to the duration the employee has worked and the payment is made over the last wage of the worker.

The periods in which the worker worked, the periods that have passed as if he had worked as specified in Article 66 of the Labour Law No. 4857 without actually working, or the annual leaves or days arising from the collective bargaining agreement or the contract without actually working are also taken into account in the calculation of severance pay.

There is no doubt that the leaves regulated under the scope of law should be taken into account in the calculation of severance pay. In this context, annual paid leaves given to workers under the law or contracts, leaves such as paternity, death and marriage, official and religious holidays, national holidays and general holidays, weekdays, etc. are taken into account in the calculation of severance pay.

However, it is controversial whether the time spent in STW is taken into account in the severance pay (Andis Hukuk, 2021). In Turkish law, STW is put into practice by the unilateral decision taken by the employer without the employee's consent because of the reasons specified in Unemployment Insurance Law No. 4447.
Due to this situation in practice, the issue was submitted to the jurisdiction. In this regard, the Supreme Court of Appeals decided that the time spent in STW should be taken into account in the calculation of severance pay, on the ground that the time spent in STW is taken into account in the calculation of the time spent in terms of annual leave in Article 55 of the Labour Law No. 4857. However, the Supreme Court of Appeals limited this period to the three months stipulated in the Unemployment Insurance Law No. 4447.

For instance, there is a prejudication of the Supreme Court of Appeals in this issue (Supreme Court of Appeals 9. Department, Merits No: 2010/50993, Decision No: 2011/27305). Accordingly, an employee sued because his severance pay was not paid in full amount upon being redundant after receiving STW allowance for 5 months 27 days period during the 2008 crisis. The district court gave a ruling that the corresponding severance pay must be paid on the grounds that the time spent in STW is taken into account in the severance pay. The regional court approved and finalized the decision.

However, upon the Ministry of Justice’s request, the Supreme Court of Appeals Prosecutor's Office made an application for reversal of decision for the sake of the law. In the application, it was underlined that there was no clarity in the law whether the time spent in STW could be added to the calculation of period for severance pay or not, but, in the ruling given by the Supreme Court Assembly of Civil Chambers in 1983, the situations stipulated in the Article 55 of the Labour Law No. 4857, which are deemed to have been worked in terms of annual leave should also be taken into consideration for severance pay. It was also mentioned in the application that the duration of STW can be up to 3 months according to the law and this duration was extended up to 6 months due to the conditions of the 2008 crisis. The application ended with the evaluation that the 3-month period stipulated in the law should be taken into account during the calculation of severance pay and it would be more equitable to exclude the duration of STW over 3 months in the calculation.
4.4. Recent Amendments Made due to Covid-19

World Health Organization declared novel coronavirus as pandemic on 11 March 2020. As a country that is extremely affected by the Covid-19 pandemic, and because of the predictions of the possible impact on employment, Turkey put the STW scheme into practice immediately after the first coronavirus cases were detected in Turkey. Applications for STW support were started to be received on 23 March 2020.

The first steps generally had the purpose of easing and flexing the regulations in force to make the use of the scheme more attractive, flexible, and accessible. A law named “Law Regarding Amendments to Some Laws” with number 7226 dated 25 March 2020 was promulgated in the annex of the Official Gazette dated 26 March 2020 (Law Regarding Amendments to Some Laws No. 7226, 2020). This law with its Article 41 added the provisional clause 23 to the Unemployment Insurance Law with number 4447.

Under this amendment, for STW allowance applications made due to force majeure because of the new coronavirus (Covid-19), as valid until 30.06.2021, the condition of entitlement to unemployment insurance for the worker to be entitled to STW allowance is determined as follows:

- The workers must have worked in the workplace with a labour contract for the last 60 days (formerly 120 days) before the commencement of STW,
- The workers must have worked as insured for at least 450 days (formerly 600 days) in the last three years and unemployment insurance premiums must have been paid. Those who do not meet this condition will continue to benefit from the STW allowance as much as the last unemployment benefit entitlement, provided that they do not exceed the STW period.

The President is authorized to amend the number of days regulated by this provision and to take a decision to extend the duration until 30 June 2021.

To benefit from the STW allowance within the scope of this article, the employer must not dismiss a worker during the period in which STW is applied at the workplace,
except for the reasons stated in the second subparagraph in the first paragraph of Article 25 of the Labour Law Nr 4857.

The amendments above are understood to have the intention to cover as many employees as possible under the STW scheme. Period and amount of premiums that have to be completed by the insured employee are decreased to facilitate the eligibility conditions.

Another law named “Law Regarding Amendments to Some Laws with The Law on Reducing the Impacts of the Novel Coronavirus (Covid-19) Pandemic on Economic and Social Life” with number 7244 was adopted on 16 April 2020 and promulgated in the Official Gazette on 17 April 2020 (Said law, 2020). Article 7 and 8 of this bag bill added provisional clauses 24 and 25 to the Unemployment Insurance Law with number 4447.

Article 7 which added provisional clause no. 24 to the Unemployment Insurance Law specified the conditions to benefit from the cash wage support from the unemployment insurance fund for the employees who are sent on unpaid leave and cannot benefit from the STW allowance. In the case of an application, cash wage support benefits are paid from the unemployment insurance fund until 30.06.2021.

According to Article 8 which added provisional clause no. 25 to the Unemployment Insurance Law, for STW applications made by employers due to compelling reasons imposed by Covid-19, STW payment is made in line with the employers' declaration, without waiting for the completion of the eligibility determination. Excess and unwarranted payments made due to the employer's submission of incorrect information and documents are collected from the employer together with the legal interest.

Eligibility determination is a process conducted by the labour inspectors before the decision of granting STW allowance by İŞKUR. However, the lawmakers intend to speed up the process by considering the urgency and to prevent the piling up of the applications. This is another measurement that provides flexibility.
The provisional clause 26 was inserted into Unemployment Insurance Law to provide premium support for the employers through a bag bill named “Law on the Establishment of Digital Centers Commission and Amendments to Some Laws” with number 7252 dated 23 July 2020. This normalization support which is also financed from the Unemployment Insurance Fund is provided in the case of ceasing of STW and returning to normal weekly working hours.

This amendment serves the purpose of ensuring revitalization for the private sector enterprises which have suffered from the low level of business activity and demand stemmed from the extraordinary conditions of the Covid-19 pandemic. The employers, even if they have terminated the STW at their workplaces, can benefit from the social insurance premiums which must be paid to Sosyal Güvenlik Kurumu (SGK). The eligibility conditions are set as that the employees must have benefited from STW allowance due to the compelling reasons of Covid-19 pandemic stipulated under the provisional clause 23 or cash support stipulated under the provisional clause 24. Additionally, the workplace must have returned to normal working hours. The duration of the benefit is three months following the cessation of STW allowance or cash support.

In the Official Gazette with number 31171 and dated 30 June 2020, a decision was announced about the STW (Presidential Decision No.2706, 29 June 2020). According to this decision, payments of STW allowance made due to the compelling reasons of Covid-19 will not be deducted from the unemployment benefit period determined at the beginning.

Another amendment has been made on Unemployment Insurance Law No. 4447 with the provisional clause 29 of the “Law on the Restructuring of Some Receivables and Amendments to Some Laws” with number 7256 dated 11 December 2020 (Law on the Restructuring of Some Receivables and Amendments to Some Laws” No. 7256, 2020). According to this clause, no responsibility can be placed on the personnel of the Ministry (MoLSS) and the Institution (İŞKUR) regarding the procedures regarding the receipt, evaluation, and payment of STW applications made by employers due to the Covid-19. In this context, those that have not been collected as of the effective date of
this article from the excess and undue payments arising from the faulty transactions of the employers for October 2020 and before are canceled. Collected items cannot be refunded or deducted.

4.5. Conclusion

In Turkey, STW schemes have a nearly 20-years legal ground. The scheme was first introduced in Article 65 of Labour Law No. 4857 in 2003. Then, in 2008, the provision was removed from the said law and inserted into Unemployment Insurance Law No. 4447 dated 25 August 1999. According to Additional Article 2 of this law, STW can be done in a workplace for no more than three months in case of temporary significant reduction of working hours or reduction of activity in the workplace due to the general economical, sectoral or regional crisis and compelling reasons. The Regulation for Short Time Work and Short Time Work Allowance dated 30 April 2011 also regulates in detail the procedures and criteria of utilization from the scheme.

Since 2003, when it was first introduced into law, the program was referred many times in response to financial difficulties. The number of payments and the amount paid remained at moderate levels in the early years (2005-2008) of the STW allowance implementation in Turkey.

When it comes to the Great Recession in 2008-2009, the Turkish government took some measures to combat the negative outcomes of the crisis including a series of measures about employment. In this term, both the number of payments and thus the paid STW allowance amount increased. After the recession, starting from the year 2011, STW payments came to lower levels and this trend continued until 2019. In 2019, the amount of STW allowance increased 60 times when compared to the year before. In 2020, due to the extraordinary conditions of the Covid-19 pandemic, this amount made its pick as never seen before in the history of the program; nearly 26 billion TL was reimbursed for 16,651,440 payments.

Turkey put the STW scheme into practice immediately upon the declaration of World Health Organization coronavirus as pandemic on 11 March 2020, to mitigate the
possible effects on employment. Applications for STW support were started to be received on 23 March 2020.

The first steps generally had the purpose of easing and flexing the regulations in force to make the use of the scheme easier. These amendments introduced are as below:

- The condition of entitlement to unemployment insurance: having worked with a labour contract for the last 60 days (formerly 120 days) and having been insured for at least 450 days (formerly 600 days) in the last three years.
- Benefiting from the cash wage support from the unemployment insurance fund for the employees who are sent on unpaid leave and cannot benefit from the STW allowance.
- For STW applications due to Covid-19, payment of STW allowance in line with the employers’ declaration, without waiting for the completion of the eligibility determination.
- Normalization support for the enterprises
- The decision of not deducting from the unemployment benefit period determined at the beginning.
CHAPTER 5

ANALYSIS OF DATA COLLECTED DURING COVID-19
ON SHORT-TIME WORK AND EMPLOYMENT

5.1. Introduction

In this chapter, the data collected concerning STW usage during the Covid-19 pandemic is addressed. Data includes the amount of STW allowance paid during the pandemic and its share in the unemployment insurance fund, the change in the number of employed persons in the same period, changes in the number of insured persons, and lastly a comparison of total revenue and total expenditure of the unemployment insurance fund. The data of groups excluded from STW is also included in the analysis. Collected statistics and data are analyzed and interpreted. The analysis aims to assess the effectiveness of the STW practice in Turkey.

This chapter also aims to outline the similarities, differences and good practices from Germany concerning the STW. This part also includes a comparison about the socio-economic diversities of Germany and Turkey. A brief information concerning the aspects of social protection in both countries is provided. The differences from the German STW scheme will contribute to putting forward the improvable areas of the Turkish STW scheme.

5.2. Background

Upon the declaration made by the World Health Organization about the coronavirus pandemic on 11 March 2020, there was uncertainty about its possible effects. However, in a short time, it was envisaged that not only the health of people but also the economy and the labour life would be threatened by the outcomes of Covid-19. Based on the experience of China which had the pandemic at an earlier phase in
Wuhan, there was a big possibility to encounter closure of borders, lockdowns, and workplace closures due to the emergency measures which would be taken by the governments. It was inevitable that those measures would have an impact on the economy and specifically on the enterprises. The possible effect on the foreign and domestic trade would result in the loss of demand and as a conclusion in mass redundancies by the employers. To protect employment and mitigate the effects of the crisis, countries rapidly started to introducing STW schemes.

Turkey was one of the countries which referred to STW at once in March 2020. İŞKUR made an announcement upon the declaration of the World Health Organization: “Taking into account the possible effects of the novel Coronavirus (Covid-19), which emerged in the city of Wuhan, People's Republic of China and affected many countries, STW practice was started within the scope of "compelling reason arising from periodic situations arising from external effects. The employer, on the grounds that s/he was adversely affected by the coronavirus, can apply for short-time work via e-Government”.

The applications of employers for STW allowance have started being taken on 23 March 2020. The payment of allowance started on 1 April 2020. To operate a quick process and to prevent the spread of the virus, electronic applications by employers through e-government (e-devlet) were accepted. Employers were able to follow up on the latest status of their applications online. As a result, the use of the system was significantly increased.

Since the STW can be applied for 3 months, the duration was extended several times upon the decision by the President. The payments of STW allowance was ceased on 30 June 2021.

5.3. STW Allowance Payments

The STW allowance data is published by İŞKUR under the name of İŞKUR Publications-Bulletin of Unemployment Insurance” on monthly basis. This bulletin covers the statistics of the expenditures of the unemployment insurance funds
including the ones for the STW scheme. It is possible to see in those tables the number of payments and the amount of allowance. In the table prepared by the İŞKUR, the “number of persons” is expressed to be standing for the “number of payments” actually which is added as a footnote. Therefore, this information does not allow one to have any data concerning the number of persons unambivalently, which restricts the research.

The information about the exact number of persons who benefited from the STW was demanded from İŞKUR in the scope Act of the Right to Information with number 4982 dated 9 October 2003. Other information concerning the sub-diffractions such as female-male rates of beneficiaries, age, sectors, and branches were also been requested. However, the requested data couldn’t have been obtained. When a researcher would like to learn the number of employees who benefited from the STW, it is not possible to see those figures clearly and completely from the official statistics which are published on monthly basis. Therefore, one cannot have an idea of how many jobs could have been saved due to the STW implementation on monthly basis.

However, during the research news, articles, and statements by government officials including the beneficiary numbers were encountered in the press and social media. According to the bulletin of İŞKUR, based on an expression by the Minister of Labour and Social Security, the number of beneficiaries of STW between March 2020 – June 2021 is 3,77 million (IŞKUR Bulletin No. 105). Therefore, it is possible to say that 3,77 million persons have not lost their jobs during the pandemic due to STW allowance.
Table 5: Short-Time Work Allowance Payments, 2019-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Payments</td>
<td>Paid Amount (000 TRY)*</td>
<td>Number of Payments</td>
</tr>
<tr>
<td>February</td>
<td>36.139</td>
<td>24.598</td>
<td>17.862</td>
</tr>
<tr>
<td>March</td>
<td>35.850</td>
<td>27.966</td>
<td>96.636</td>
</tr>
<tr>
<td>April</td>
<td>23.259</td>
<td>20.946</td>
<td>3.243.126</td>
</tr>
<tr>
<td>May</td>
<td>11.964</td>
<td>10.273</td>
<td>3.282.817</td>
</tr>
<tr>
<td>June</td>
<td>9.638</td>
<td>7.435</td>
<td>2.486.854</td>
</tr>
<tr>
<td>July</td>
<td>6.328</td>
<td>5.987</td>
<td>1.774.865</td>
</tr>
<tr>
<td>August</td>
<td>9.687</td>
<td>9.704</td>
<td>1.302.755</td>
</tr>
<tr>
<td>September</td>
<td>10.839</td>
<td>11.728</td>
<td>1.051.710</td>
</tr>
<tr>
<td>October</td>
<td>16.236</td>
<td>15.125</td>
<td>967.563</td>
</tr>
<tr>
<td>November</td>
<td>16.219</td>
<td>13.041</td>
<td>1.015.981</td>
</tr>
<tr>
<td>December</td>
<td>24.405</td>
<td>16.206</td>
<td>1.238.814</td>
</tr>
<tr>
<td>TOTAL</td>
<td>181.809</td>
<td>25.565.354</td>
<td>11.201.930</td>
</tr>
</tbody>
</table>

*Premiums of general health insurance, stamp tax and transaction costs are excluded.

*Temporary data, to be revised

Table 5 and Figure 8 include the monthly amount of STW allowance between 2019-2021. The table shows the significant increase in the STW payments after 2019. While the total amount of the allowance is only 181.8 million TRY in 2019, with the outset of Covid-19 pandemic and start of STW program due to the compelling reason, this amount increased by almost 141 times, to almost 25.6 billion TRY.

As of March 2020, the number of the payments increased from 17,862 to 96,936 and paid amount increased nearly three times when compared to the value in February 2020. The number of payments significantly increased from March 2020 and then made its peak in May with the level of 3,282,817. Then the number started to drop first to 2,486,854 and then the downtrend continued. According to the latest data available, in June 2021, the number of payments was 991,466.
5.4. Effects of STW on Employment

Figure 9 shows the trend of employed persons in 2019-2021. A sharp decrease is seen from February 2020 to April 2020. As of April 2020, the number of employed persons has started recovering but is still below the numbers of 2019. By the beginning of 2021, the recovery in the numbers of employed persons is much better and reaching the levels of 2019.

Figure 9: Employed Persons in Turkey, million, 2019-2021


As indicated in the part of this thesis where the legislative framework is presented, the STW allowance program in Turkey is designed to grant benefits to only insured persons who are described shortly as “4A”. This group of insured persons is employed by one or more employers with a labour contract (Social Insurance Law No. 5510). Therefore, the scheme excludes the insured persons in the 4B who work as self-employed on their account regardless of service contract. As a result, to see the impact of STW allowance more precisely, it is found important to see the change in the numbers of those 4A insured persons, which are presented in Table 6 below.
### Table 6: Number of Insured Persons (4A), monthly, 2019-2021

<table>
<thead>
<tr>
<th>MONTH</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>13,826,757</td>
<td>14,154,168</td>
<td>15,055,602</td>
</tr>
<tr>
<td>February</td>
<td>13,807,689</td>
<td>14,211,588</td>
<td>15,077,515</td>
</tr>
<tr>
<td>March</td>
<td>13,994,899</td>
<td>14,339,304</td>
<td>15,381,821</td>
</tr>
<tr>
<td>April</td>
<td>14,226,393</td>
<td>13,847,835</td>
<td>15,794,188</td>
</tr>
<tr>
<td>May</td>
<td>14,324,472</td>
<td>13,919,211</td>
<td>15,853,614</td>
</tr>
<tr>
<td>June</td>
<td>14,287,607</td>
<td>14,431,133</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>14,198,097</td>
<td>14,432,781</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>14,119,665</td>
<td>14,749,189</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>14,440,956</td>
<td>14,998,852</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>14,511,611</td>
<td>15,371,347</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>14,393,707</td>
<td>15,175,670</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>14,314,313</td>
<td>15,203,423</td>
<td></td>
</tr>
</tbody>
</table>

*Excluding interns, trainees, and apprentices


### Figure 10: Number of Insured Persons (4A), monthly, 2019-2021
According to the figures (Table 6) from SGK and the graph (Figure 10) produced, it is found that the numbers of insured persons in the first quarter of 2020 are more than the ones in the same term of 2019. However, after March, there is a sharp decline in the numbers in April 2020. A general picture is encountered in which the number of insured persons falls under the levels registered in 2019. As of June 2020, the number starts to increase again, and the uptrend is steadily continuing.

When it comes to the first quarter of 2021, there is an increase in the number of insured persons; it is registered as higher than the levels of the last two years, 2019 and 2020. In January, February, and March of 2021, the number is above 15 million while it was consecutively above 13 million and 14 million in years 2019 and 2020. It is possible to evaluate that STW allowance contributed to the recovery in the employment figures realized as of June 2020 according to the statistics derived from İŞKUR that 3,77 million people have benefited from STW. If the jobs were lost for those persons, then the levels of employment would have fallen under the levels of 2019.

5.5. Effects on Unemployment Insurance Fund

STW allowance is paid from the unemployment insurance fund. As seen in Table 7 and Figure 11, the share of STW allowance paid in 2019 was only 0,53 percent of the total expenditure of the unemployment insurance fund. This amount increased very sharply in 2020 when the pandemic emerged. The share of the STW allowance in the total expenditure was 41,14 percent in 2020. For the first seven months of 2021, the rate is nearly 38%.
Table 7: Share of Short-Time Work Allowance Payments, 2019-2021

| SHARE OF SHORT TIME WORK ALLOWANCE IN TOTAL EXPENDITURE OF FUND (Thousand TRY)* |
|---------------------------------|-----------------|-----------------|
|                                 | 2019            | 2020            | 2021 (January-July) |
| Total Revenue                   | 40.365.368      | 38.270.443      | 25.167.433           |
| Total Expenditure                | 36.467.481      | 66.599.185      | 41.404.557           |
| Amount of Short-Time Work Allowance | 192.432      | 27.395.624      | 15.664.010           |
| Share                           | 0.53%           | 41.14%          | 37.8%                |

*Premiums of general health insurance, stamp tax, and transaction costs are included.


Figure 11: Share of Short-Time Work Allowance in Total Expenditure of Unemployment Insurance Fund

When a comparison is made between the total revenues and total expenditures of the unemployment insurance fund in the years 2019-2021, it is seen that 2020 was the year when the difference is the most (Figure 12). Total expenditures exceeded the total revenues.

![Comparison of Total Revenues and Total Expenditures](https://media.iskur.gov.tr/47799/07_temmuz-2021-bulten.pdf)

**Figure 12: Comparison of Total Revenue and Total Expenditure**


### 5.6. Data of the Excluded Group (4B) in STW Implementation

In the parts of this thesis including the legislations for STW allowance, tradesmen and craftsmen are mentioned as the group who cannot benefit since they belong to the group of 4B working of their account. However, during the Covid-19 pandemic, a limited number of them received grants and housing benefits.

On 24 December 2020, a communiqué was issued in Official Gazette, laying down the principles and procedures of the grant support program to be provided to tradesmen and craftsmen and natural person merchants whose commercial activities have been adversely affected due to the coronavirus pandemic (Communique on Grant Support Program due to the Coronavirus Pandemic and Codes of Practice). According to this
Communique, grants under the scope of the support program will be provided in two ways: income loss support and rent support. The duration of the support program will be three months, in January, February, and March 2021, provided that the applications are made within the period specified in the announcement made on the Ministry of Trade’s website.

The Communique rendered possible that the persons who are subject to small business taxation and exempted from tax to receive benefits. The amount of grant support was determined as 3 thousand TRY in total, 1,000 Turkish Liras per month. The amount of the rent support was determined as 750 TRY per month in metropolitan cities and 500 TRY per month in other cities.

It was announced by the President in December 2020 that for 1 million 239 thousand 438 people affected by the curfews because of Covid-19, 5 billion TRY would be provided for three months as grant and rent support (BBC).

Again, on 20 May 2021, a Presidential Decision with number 3998 was published to determine the procedures and principles of grant support which will be paid to tradesmen and craftsmen and natural person tradesmen who are negatively affected by Covid-19 in their works. The amount of support is determined for two different groups as 5000 TRY and 3000 TRY classified by their economic activity to be paid at once. (Presidential Decision on Grant Support for Tradesmen, Craftsmen, and Natural Person Tradesmen due to Coronavirus Pandemic).

In recent news dated 17 May 2021, it has been announced by the President that a total of 4 billion 622 million TRY would be paid to more than 1 million 384 thousand tradesmen and craftsmen in two separate groups. According to the news, within the scope of the grant, 5 thousand TRY is planned to be provided to the first group of 235 thousand tradesmen and 3 thousand liras to the second group of 1 million 150 thousand tradesmen (Dünya).
When the announcements made by the President are taken into account, the total amount of benefit which is planned to be allocated for the tradesmen and craftsmen is accounted for nearly 9 billion 622 million TRY.

It is evaluated that the assistances intended for tradesmen and craftsmen can contribute to sustaining their business. However, those supports are thought to be temporary and far from being systematic. Exclusion of this group from the STW program leads to the aggrievement of this group. On the other hand, entry into force of “Fund for Esnaf ve Ahilik” on 31.12.2023 regulated under Unemployment Insurance Law No. 4447 will ensure tradesmen benefit from the Unemployment Insurance Fund.

5.7. Differences from German Practice of STW and Lessons to be Drawn

Before presenting the differences between the STW practices in Germany and Turkey, it is found useful to put the socio-economic divergencies between the two countries into perspective. Because especially the economic indicators can let one have an opinion whether a state has the ability to fund the benefits. Below is a table (Table 8) including a comparison of some socio-economic indicators of both countries:

Table 8: Comparison of Socio-Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Germany</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (million USD, 2020)</td>
<td>4,516,935</td>
<td>2,371,086</td>
</tr>
<tr>
<td>GDP per capita (USD, 2020)</td>
<td>54,316 (p)</td>
<td>28,435</td>
</tr>
<tr>
<td>GDP Growth (yearly, 2020)</td>
<td>-4,9 % (p)</td>
<td>1,8 %</td>
</tr>
<tr>
<td>Inflation (yearly, September 2021)</td>
<td>4,6 %</td>
<td>19,6 %</td>
</tr>
<tr>
<td>Population (million people, 2020)</td>
<td>83,161</td>
<td>83,385</td>
</tr>
<tr>
<td>Social Spending (of GDP, 2019)</td>
<td>25,9 %</td>
<td>12 %</td>
</tr>
<tr>
<td>Employment Rate (2020)</td>
<td>76,2 %</td>
<td>47,5 %</td>
</tr>
<tr>
<td>Unemployment Rate (2020)</td>
<td>3,83 %</td>
<td>13,14 %</td>
</tr>
<tr>
<td>Labour Force participation rate (2020)</td>
<td>84,4 %</td>
<td>59,2 %</td>
</tr>
</tbody>
</table>

In 2020, the GDP growth of Germany was minus 4.9 percent due to the Covid-19 crisis. However, the economy of Germany has been getting better by the second quarter of 2021, and GDP for 2021 is estimated to grow around 2 percent because of the contribution of the mass vaccination. The rise in unemployment became limited because of the usage of the STW program. The unemployment rate was 5.6 percent in August 2021 and is expected to lower further by the end of 2021 (KPMG Research, 2021).

Germany’s social protection system can be said to be a comprehensive one in which social spending occupies a large space in whole public spending. The welfare regime of Germany dates back to the industrialization age. The compulsory health insurance for employees was introduced in 1883 and composed a complementary part of the welfare state. Germany’s Basic Law includes the norm of welfare state in its Articles 20 and 28 (Facts about Germany, 2021). The social protection system configured in this welfare system includes social insurance as the main element, which covers also unemployment insurance (Adema, Gray and Kahl, 2003). Unemployment insurance is governed by the Federal Employment Agency.

Germany adopts a social market economy that is based on providing the citizens with the best social protection tools possible along with free competition in the market. It also serves to prevent its negative effects on unemployment. So, the government intervenes in the market and takes measures to protect people against unemployment (Deutchland.de, 2018).

As for Turkey, economic and social development and thus an improvement at employment and income levels were succeeded as of the 2000s. In this period, Turkey put a series of economic reform movements into practice, integrated into international trade, and harmonized regulations to the EU standards. Turkey succeeded to tackle the effects of the 2008-2009 Great Recession. However, in recent years, Turkey’s vulnerabilities and challenges have increased. Turkey has been one of the countries which have been deeply affected economically and socially by the pandemic conditions. In 2020, the GDP had a moderate increase of 1.8 percent. The gender gap has deepened, youth unemployment, poverty, and inequalities have increased. The
growth in GDP is estimated to be 5 percent in 2021 and 4.5 percent in 2022 and 2023. The worst level of poverty is estimated to have been registered by the beginning of 2021 since 2012 (World Bank, 2021). Moreover, differently from Germany, Turkey has been struggling with the challenges of hosting millions of Syrians for many years, which has led to the allocation of resources for those people.

The social protection system in Turkey is based upon two pillars; social insurance (contributory) and social assistance (non-contributory). Social security covers short-term (maternity, health, and work accident) and long-term (invalidity, survivors, and old age) insurance branches. Insurance for unemployment and benefits are governed by İŞKUR (Council of Europe).

Below table (Table 9) summarizes the differences of the STW schemes in both Germany and Turkey:
Table 9: Comparison of STW Schemes in Germany and Turkey

<table>
<thead>
<tr>
<th>Features of STW</th>
<th>Period of Application</th>
<th>Germany</th>
<th>Turkey</th>
</tr>
</thead>
</table>
| Scope           | General Practice      | Included group: All employees subject to social security insurance premiums and working for an employer  
Excluded group: Marginally employed persons, foreign workers, house care workers, agricultural workers (DGB Guidelines for STW) | Included group: Insured persons (4/a) who work with a labour contract under an employer  
Excluded group: Self-employed (4/b) and civil servants (4/c) |
| Social Agreement before STW practice | General Practice | Yes. Through labour contract or agreement with a work council or trade union. | No |
| Compulsory training activity during STW | General Practice | No. But it is encouraged. | No |
| Social Security Premiums | General Practice | The social security premiums are paid by the employer for the hours not worked during STW. | Only universal health insurance contributions are paid when the activity at workplace is completely stopped. If partial work is applying at the workplace, universal health insurance premium is paid proportionately in accordance with reduced hours. |
| Covid-19 period | All of the employers’ social security contributions for 20 March 2020-30 June 2021 are covered by the Federal Employment Agency.  
50% of the social security premiums are paid by the | Same as above |
Table 9: Comparison of STW Schemes in Germany and Turkey (continued)

<table>
<thead>
<tr>
<th>The requirement to deplete other ways such as a holiday or annual leave</th>
<th>General Practice</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of STW allowance</td>
<td>General Practice</td>
<td>60% of net income loss or 67% for ones with children.</td>
<td>60% of the daily average gross earning of the insured calculated by taking into account the earnings subject to the last twelve months premium</td>
</tr>
<tr>
<td>Covid-19 period</td>
<td>If income loss is more than fifty percent and if the employer’s claim has been realized before 31.03.2021; - as of the fourth month of the STW, the amount of the allowance rises to 70 percent and 77 percent for persons with at least one child; - as of the seventh month, it increases up to 80 percent and 87 percent for persons with at least one child</td>
<td>Same as above</td>
<td></td>
</tr>
<tr>
<td>Family-oriented approach for STW allowance</td>
<td>General Practice</td>
<td>Yes. The number of children of the beneficiary is taking into account for the allowance amount.</td>
<td>No</td>
</tr>
<tr>
<td>Amount of work force to</td>
<td>General Practice</td>
<td>1/3</td>
<td>1/3</td>
</tr>
</tbody>
</table>
In terms of general aspects, Turkish and German STW schemes have similar features. Both programs have the same purpose and they are referred to as temporary measures when the demand declines in enterprises due to unavoidable incidents. Benefits are paid from the unemployment insurance fund in both countries. In terms of scope, schemes in both countries are similar. In Germany, persons who are subject to social security contribution can benefit from the scheme while in Turkey, the persons working with a labour contract can receive STW allowances. Both schemes exclude self-employed persons. In both countries an application must be made to the related authority; İŞKUR in Turkey and Federal Employment Agency in Germany.

However, some of the prerequisites to benefit from the STW in Germany differ from the implementation in Turkey. In German exercise, including the Covid-19 pandemic period, all other options such as holiday leave and working time accounts must be exhausted before introducing the STW. There is not such a prerequisite in Turkey.

In Turkey, there is no obligation for a consultation with a work council or social partners before introducing an STW scheme. According to the Article 4 of the Regulation on Short-Time Work and Short-Time Work Allowance, the employer who demands short-time work in the workplace due to the general economic, sectoral or regional crisis and compelling reasons shall make a written notification to the İŞKUR’s units in provinces or districts and, if any, the labor union that is the party to the collective bargaining agreement. There is no legal obligation about making an agreement with employees or labour unions. Social partners other than employers are

<table>
<thead>
<tr>
<th>Table 9: Comparison of STW Schemes in Germany and Turkey (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>be affected from the reduction of work duration</td>
</tr>
<tr>
<td>Benefits are paid from</td>
</tr>
<tr>
<td>STW Allowance paid by</td>
</tr>
<tr>
<td>STW Allowance transferred to the:</td>
</tr>
</tbody>
</table>

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in a more passive position in which they are not able to decide or express their opinions during both the decision-making and implementation processes of the STW. The employer can directly apply for the introduction of an STW in a workplace without any need to receive the approval of other involved parties such as employees and the labour unions. According to the regulations, it is found sufficient for the employer to notify the employees and labour union about the intention of working time reduction.

In this point, it is useful to make a reference to the concept of “social dialogue”. As defined by ILO, a social dialogue mechanism includes all kinds of negotiations and consultations between social partners (government, employers, and employees) on common benefits concerning economic and social policy. This tripartite structure which enables a democratic environment allowing active involvement of social parties is regarded as an important tool of ensuring labour peace and stability.

In 1976, an international labour standard was adopted by ILO to lay the legal foundation of the social dialogue mechanism (The Convention No. 144 on Tripartite Consultation). Convention No. 144 on Tripartite Consultation, which was entered into force in Turkey in 1993 (Official Gazette No. 21507), includes the principles of this mechanism. According to Article 2 of the said Convention, member states, which ratify this standard, shall constitute procedures, which ensure efficient consultations between the state, employer, and employee representatives about the ILO’s activities. Even though this regulation is involved in the ILO’s works, it is evaluated that this social dialogue mechanism can be operated also during such a decision of STW which concerns closely and directly the employees and their labour unions. A more active role is thought to be provided for social partners equally with the employers.

A tripartite consultation mechanism is also included in Turkish laws. Labour Law with No. 4857 regulates the founding of a tripartite consulting board to ensure effective solidarity between government, employer, and employee unions and confederations to develop working peace and industrial relations and follow legislation works and implementations of labour life (Labour Law No. 4857). Even if this board is envisaged to be an advisory one, constituting such a legal ground for the tripartite mechanism is found to be important.
Secondly, in German exercise, a family-oriented approach is adopted in determining the rates of STW allowance which is paid. If a short-time worker has at least one child, the rate of the allowance increases from 60 percent to 67 percent. These percentages can increase in the process of time if the income loss is more than fifty percent. In the Turkish practice of STW, neither the availability nor the number of children is taken into consideration in determining the amount of the allowance.

Additionally, in Germany, the STW allowance amount is increased if income loss is more than fifty percent and if the employer’s claim has been realized before 31.03.2021. Normally, the STW benefit is 60 percent and 67 percent for persons with at least one child as indicated above. If income loss is more than fifty percent and if the employer’s claim has been realized before 31.03.2021, then as of the fourth month of the STW, the amount of the allowance rises to 70 percent and 77 percent for persons with at least one child; as of the seventh month, it increases up to 80 percent and 87 percent for persons with at least one child (Sechtem et al., 2021). There is no such amendment in Turkey.

Another difference is the payment process of the STW allowance. In Turkish practice, the STW allowance is transferred by İŞKUR directly to the account of the employee after the employer applies for STW allowance and İŞKUR notifies the employer about the approval upon the eligibility determination result by the Directorate of Guidance and Inspection (Regulation on Short-Time Work and Short-Time Work Allowance, 2011). In German exercise, the STW allowance is paid by the Federal Employment Agency to the account of the employer who will then transfer it to the accounts of the employees. This differing point is not one that can be an example for Turkish implementation but it is just a difference concerning the practice in both countries.

One of the most important differences between both practices is about the social security premiums of the short-time workers. In Turkish practice, in the first scenario in which the activity at the workplace is completely stopped, only universal health insurance contributions are transferred by İŞKUR from the unemployment insurance fund to SGK. In the second scenario, if partial work is applying at the workplace, İŞKUR transfers universal health insurance premium proportionately in accordance
with the reduced hours. For instance, during a short time work, if an employee works 22.5 hours in a week, then half of the universal health insurance is paid by İŞKUR and for the hours worked, the employer pays half of the premiums of universal health insurance, short term insurance, and long term insurance branches. In German practice, social security contributions are covered by the employer for the hours not worked during STW. As for the pandemic, Federal Employment Agency covers all of the employers’ social security contributions for the durations not worked for dates 20 March 2020 and 30 June 2021 (Effenberger et al., 2020). The employer pays the social security premiums and is reimbursed by the Federal Employment Agency. For the term starting from 1 July 2021 to 31 December 2021, 50 percent of the social security premiums are paid by the Federal Employment Agency to the employer. The condition for this is the registration of the employer to the STW scheme before 30 June 2021 (Federal Government, 2020).

The regulations have been facilitated due to the Covid-19 pandemic for an easier operation process in both countries. In Germany, the prerequisite that one-third of the employees to be affected from the reduced working hours has been changed to ten percent while in Turkey the requirement of the rate of the affected employees has not been changed during regulation amendments.

Germany has used an unprecedented level of STW allowance since the beginning of the pandemic. According to the monthly data about the number of short-time workers, 6 million persons have benefited from STW allowance in May 2020. This has been the highest level of beneficiaries attained as of March 2020 and prevented the employment level to decrease by nearly 13 percent in comparison with the pre-pandemic levels. When this level is compared with the highest one during the Great Recession, it is understood that the level is 4 times more than the one in 2009 May when the highest level of short-time workers were 1.5 million.

Turkey has been one of the countries which have massively used STW during the Covid-19 pandemic. Data derived from İŞKUR records restricts the research in point of learning how many short-time workers have exactly benefited monthly from the STW since only the number of entitlements can be monitored according to the monthly
reports. However, according to another resource by İŞKUR, the number of beneficiaries of STW in March 2020 – June 2021 is 3,77 million (İŞKUR Bulletin No. 105). When the pre-pandemic levels of employment are taken into consideration and the level of February 2020 is taken as a reference point, the jobs of nearly 14 percent of the employed persons could have been saved thanks to the usage of the STW program.

Lastly, training activities are encouraged during STW in Germany and the expenses are covered proportionally in accordance with the number of employees.

As one can see from the above information, the amount of STW allowance is higher in Germany in some situations than in Turkey. The family status of the beneficiary is taken into account in the calculations of the allowance amount. Moreover, when income loss exceeds fifty percent, then the allowance amount is gradually increased again. Additionally, the coverage for social security is higher during the STW in Germany and training activities during the STW are encouraged by the government through coverage according to the number of employees of an enterprise. However, while considering such differences, the amount of GDP/GDP per capita and the social spending percentage in the two countries should be taken into consideration. According to the above-added table which includes OECD data, GDP and GDP per capita values are nearly two-fold of the values of Turkey. At the same time, the share of social spending in Germany was nearly 26 percent of GDP in 2019, while it was 12 percent in Turkey during the same term.

Generally, the deficiency or inaccessibility of certain data concerning STW makes the analysis difficult. Information or statistics such as the exact beneficiary numbers, female-male rates, sectors, and branches have the potential to richen and deepen the analysis. Especially, STW statistics in Turkey doesn’t allow making an analysis on monthly basis which hinders the comparison with the monthly employment figures and analysis of contribution of the STW to employment protection.
5.8. Conclusion

Turkey initiated STW in March 2020 to mitigate the possible impacts on employment. The allowances started being paid on 1 April 2021.

There was a significant increase in the STW payments after 2019. While the total amount of the allowance is only 181.8 million TRY in 2019, with the onset of Covid-19 pandemic and start of STW program due to the compelling reason, this amount increased by almost 141 times, to almost 25.6 billion TRY. According to the bulletin of İŞKUR, the number of beneficiaries of STW between March 2020 – June 2021 is 3.77 million (İŞKUR Bulletin No. 105). Therefore, it is possible to say that 3.77 million persons have not lost their jobs during the pandemic due to STW allowance. Therefore, it is possible to evaluate that STW allowance contributed to the preservation of employment figures. If the jobs were lost for those 3.77 million persons, then the levels of employment would have fallen under the levels of 2019.

STW allowance is paid from the unemployment insurance fund. The share of the STW allowance in the Unemployment Insurance Fund was only 0.53 percent in 2019. The rate very sharply in 2020 when the pandemic emerged. The share of the STW allowance in the total expenditure was 41.14 percent in 2020. For the first seven months of 2021, the rate is nearly 38%.

Tradesmen and craftsmen are the groups who cannot benefit since they belong to the group of 4B working of their account. However, during the Covid-19 pandemic, a limited number of them received grants and housing benefits. But those supports are not systematic as STW allowance. Entry into force of “Fund for Esnaf ve Ahilik” on 31.12.2023 regulated under Unemployment Insurance Law No. 4447 will ensure tradesmen benefit from Unemployment Insurance Fund.

German experience of STW differs from Turkish practice in some aspects. The social dialogue mechanism is worked in Germany before the introduction of the STW scheme differently from Turkish implementation. A family-oriented approach is adopted during the allowance determination process in Germany. Working time accounts have
to be depleted before introducing the STW in Germany. Social security premiums are fully reimbursed by Federal Employment Agency for a certain period of time during STW implemented for the Covid-19 pandemic while only the universal health insurance premiums are reimbursed by the İŞKUR. The rate of the labour force which has to be affected by the reduction in working hours has been updated from one third to ten percent for the Covid-19 period. There was not such an amendment made for the Covid-19 pandemic period in Turkey. In both countries, the usage of STW schemes has contributed to preserving employment. However the socio-economic differences of both countries should be taken into account during evaluations.
CHAPTER 6

CONCLUSION AND POLICY RECOMMENDATIONS

This chapter includes an overall evaluation based on the all findings of the research. A number of policy recommendations are proposed for the improvable areas of the STW scheme in Turkey.

6.1. Conclusion

Covid-19 crisis has deteriorated the labour markets in the whole world. Total working hours decreased by 8.8% in 2020 which is equal to the hours worked by 255 million full-time employees in one year. Half of the loss in the working hours resulted from the furlough or STW schemes while the remaining half was due to the loss of jobs. The loss in working hours resulted in a dramatic fall in personal income and an upsurge in poverty. When compared to 2019, additional 108 million employees are estimated to live in straitened circumstances. The poverty rates have returned to the levels of 2015 (ILO, 2021).

The severe impact of the crisis has called for responses through dynamic policies and immediate measures to be taken by the governments to cushion the destructive outcomes in the labour market. Many countries have initiated short-time work compensation or job retention schemes that are already available or they designed new programs to keep employment at the pre-pandemic levels. Many countries made the eligibility conditions more flexible such as Turkey and Germany and many of them extended the duration of benefits.

The main purpose of this study was to find the effectiveness of usage of STW allowance in Turkey during Covid-19 and to evaluate the improvable areas. During
this evaluation, Germany’s experience of STW was also taken into consideration whether there can be any lessons that can be drawn.

With the onset of the possible crisis due to the Covid-19 pandemic, Turkey took immediate measures to adapt its system to cushion the negative impacts of the pandemic. Amendments were made to the current regulations to cover more employees under the system. Eligibility conditions were eased. The period of time to be insured and the number of premiums to be paid were decreased. The application process was facilitated. To accelerate the process for evaluation of the applications for STW, payments have been made in line with the employers' declaration, without a need to wait for the completion of the eligibility determination. The employers have been supported with the premium payment program. It was decided that STW allowances granted for Covid-19 not be deducted from the unemployment benefit period determined at the beginning. The implementation period was extended several times during the pandemic.

Since the beginning of the pandemic, Turkey has massively used STW allowance to mitigate the impacts on employment. According to the findings derived from the figures, STW allowance has played a significant role in protecting employment in Turkey. Although the levels of employment lowered at the beginning of the pandemic, as of April 2020 the levels made recovery and got closer to the pre-pandemic levels through the end of 2020 and the beginning of 2021. The number of beneficiaries of STW in March 2020 – June 2021 is 3,77 million (İŞKUR Bulletin No. 105).

The number of insured persons is an indicator that enables one to see the current employment level, thus the efficiency of the measurements taken to preserve the jobs. According to findings, the numbers of insured persons in the first quarter of 2020 are more than the ones in the same term of 2019. There is a sharp decline in the numbers in April 2020. The number of insured persons falls under the level registered in 2019. As of April 2020, the number of insured persons has started to increase and the uptrend is steadily continuing. In the first quarter of 2021, the number is monitored as above the levels of the previous two years. If the jobs were lost of 3,77 million persons, then the levels of employment would have fallen under the levels of 2019.
The total expenditure of the Unemployment Insurance Fund exceeded the total revenues because of the massive usage of STW allowance during the pandemic in 2020 and 2021. The share of STW allowance increased very sharply in 2020 when the pandemic emerged. The share of the STW allowance in the total expenditure was 41.14 percent in 2020. For the first seven months of 2021, the rate is nearly 38%.

As a result of the evaluation made through the comparison of socio-economic context of Germany and Turkey, it is obvious that the conditions are quite different in two countries. This directly affects the benefits allocated for the STW. Firstly GDP and GDP per capita values are much more higher in Germany than they are in Turkey. For example, GDP per capita was 54.316 USD in Germany in 2020 while it was 28.435 USD in Turkey in the same year. Another difference is about the percentage of the social spending which was, according to the latest figures, nearly 26 percent of GDP in 2019 and 12 percent in Turkey during the same term. The share of the social spending in Germany is more than double when compared to one in Turkey (OECD, 2021). Those differences indicated above are important to make a meaningful comparison concerning the STW benefits. For instance in Germany, the family status of the beneficiary can be taken into account for the allowance amount. Again, the amount of the payment can be increased gradually when the income loss exceeds 50 percent. Higher social security coverage can be ensured during the STW and training activities during the STW are encouraged by the government through coverage according to the number of employees of an enterprise. All of the supports mentioned are directly related to the amount of the benefits allocated for the STW and thus to the socio-economic status of a country.

There are also other differences which are not directly affected by the socio-economic situation. For example, social dialogue mechanism is worked before the introduction of the STW in Germany, while such process is not necessary in Turkey. Again, in Germany, all other options such as holiday leave and working time accounts must be exhausted before while there is not such a prerequisite in Turkey. Lastly, for the Covid-19 period, the requirement of the percentage of the employees affected by the reduced working hours has been facilitated in Germany. It has been lowered from one-third to ten percent while the required percentage stay same in Turkey.
The research has been limited by a number of aspects. For example, the resources generally do not allow one to see sub-diffractions such as the features of the beneficiaries (male-female), age, their sectors, and branches, which could have deepened the analysis. While this is valid for both Germany and Turkey, there has been another limitation concerning the STW data in only Turkey. The exact monthly quantity of the STW beneficiaries cannot be monitored from the tables published. This is important to find out how many jobs could have been saved as a contribution of the STW in a certain month.

6.2. Policy Recommendations

A series of policy recommendations are presented below both from the lessons drawn from the German experience and Turkish practice itself.

The realization of many of the issues presented as policy recommendation in the study actually depends on the improvement of socio-economic conditions in Turkey. It is evaluated that if the amount that can be allocated to social expenditures from the GDP increases, the resources for the STW allowance in times of crisis may increase and progress can be made in areas that can be improved.

Although the STW program has yielded satisfying results in the labour market and even if it has positive effects in preserving employment and provided the employees with income support, the structural features of the scheme are avoiding the program to be beneficial for all the elements of the labour market. For instance, the self-employed persons who work on their behalf and are defined as in the category of “4B” shortly cannot benefit from the STW allowance. Tradesmen and craftsmen are in this group. Confining the scope of the STW allowance to the insured persons who are in the 4A category limits the comprehensiveness of the program. To enhance efficiency, the scope should be inclusive for all elements of the labour life.

Undoubtedly, the tradesmen and craftsmen have been one of the most vulnerable groups which tried to survive against the harsh conditions stemmed from the Covid-
19 pandemic and confinement measures. If an equitable and embracive policy is asked to be adopted, the program should have included this group, too.

Entry into force of “Fund for Esnaf ve Ahilik” on 31.12.2023 regulated under Unemployment Insurance Law No. 4447 will ensure tradesmen benefit from the Unemployment Insurance Fund. Upon entry into force, regulations for STW can be revised to cover tradesmen and craftsmen who will start paying premiums to the fund.

Another disadvantageous group is employees working in the informal economy. The informal workers lack social protection due to being unregistered. They can't claim basic rights such as annual, maternity, or unpaid leave. Thus, they cannot benefit from the STW allowance either.

There are three actors identified as the parties of a labour relationship. Government, employers, and employees. Every type of consultation among these parties is important for improving the labour life and enhancing the working peace. The lack of a tripartite consultation mechanism in the processes of the STW scheme prevents efficient social dialogue between parties. The employer is the active party that starts the process for STW. The employees and workers organizations are in a passive position in which they are not able to express any opinion. The notification by an employer is sufficient for putting the STW into practice. It is obligatory to reach an agreement among the parties of the labour relation before initiating the STW in some foreign countries including Germany. While deciding for STW, a social dialogue mechanism can be operated among the parties to ensure the democratic involvement of all stakeholders.

A disadvantageous feature of the STW scheme in Turkey is that the premiums of short term insurance (work accident and occupational diseases, health and maternity) and long term insurance (invalidity, old age and survivors) branches are not paid by employer or İŞKUR to SGK when a workplace is completely stopped. In this case, only universal health insurance contributions are transferred by İŞKUR from the unemployment insurance fund. This seems to be a weak feature of the scheme.
Another point is about determining the STW allowance amounts. A family-oriented approach should be adopted instead of taking only the individual himself/herself into account while determining the rates of the allowance. In other words, it is evaluated that it is important whether the beneficiary of the STW is married or has children. These should be taken place in the assessments.

In Turkey, the STW scheme lacks training activities during crisis periods. The duration when the employees do not work can be evaluated as a chance for training activities. The employees can be supported with educational activities to improve their vocational skills. It is compulsory in some countries to ensure employees take part in training activities to implement STW schemes. Integrating educational events into the program is found useful.

Another recommendation may be about the figures displayed concerning the beneficiaries of the STW. The information concerning sub-diffractions such as age, gender, sector, and branch can be covered in the publications. At the same time, if the data includes the exact quantity of the beneficiaries on monthly basis, a more transparent review can be reached and the contribution to protecting employment can be sensitively assessed.

Lastly, it is controversial whether the time spent in the STW will be taken into account in the calculation of severance pay or not. Therefore, a legal regulation needs to be made to clarify. In this context, with an article to be added to the Labour Law, a legal basis should be provided that the time spent in short work should be taken into account in the calculation of severance pay. In this way, the employee will not be aggrieved in terms of severance pay in the STW program, which is put into practice unilaterally by the employer.

STW allowance, cash support, and the prohibition of dismissal which are measures taken to struggle with the negative impacts of the economic recession caused by the Covid-19 pandemic have been ceased to be implemented on 30 June 2021. This study, as of its timing, is only able to address the effects of STW during the period when the scheme is being implemented. To reach a more comprehensive evaluation, the period
after the cessation of the measures should be addressed in point of the outcomes in the labour market. These are efficient measures to protect employment. It is estimated that cessation of the implementation of these instruments is estimated to result in the vulnerability of the labour market to the risks such as unemployment and poverty.
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Bu araştırma, Türkiye'de Kovid-19 döneminde uygulanan kısa çalışma programının etkinliğini ortaya koymayı amaçlamaktadır. Çalışma resmi kurumlardan elde edilen spesifik verileri ve bunların yorumlarını içermekte, kısa çalışma hakkındaki yasal düzenlemeye ilişkin bilgileri kapsamaktadır. Çalışmada aynı zamanda Almanya’nın kısa çalışma tecrübesi de incelenerek Türkiye bakımından örnek alınabilecek uygulamaların tespit edilmesi amaçlanmıştır. İki ülke arasındaki sosyo-ekonomik farklılıkların ortaya konulması amacıyla kısa bir değerlendirmeye de yer verilmiştir.


Ekonominin kriz ve durgunluk dönemlerinde azalan talep ve sonucunda yaşanan işten çıkarmalar nedeniyle işlerin kaybedilmesi durumu ile karşı karşıya kalabilmektedir. İstihdam seviyesi, krizi daha da derinleştirirme potansiyeli olan seviyelere düşme riski taşıyabilmektedir. Ortaya çıkan yeni ekonominin koşulları nedeniyle talepleri ve satışları

APPENDICES

A. TURKISH SUMMARY / TÜRKÇE ÖZET

Bu araştırma, Türkiye'de Kovid-19 döneminde uygulanan kısa çalışma programının etkinliğini ortaya koymayı amaçlamaktadır. Çalışma resmi kurumlardan elde edilen spesifik verileri ve bunların yorumlarını içermekte, kısa çalışma hakkındaki yasal düzenlemeye ilişkin bilgileri kapsamaktadır. Çalışmada aynı zamanda Almanya’nın kısa çalışma tecrübesi de incelenerek Türkiye bakımından örnek alınabilecek uygulamaların tespit edilmesi amaçlanmıştır. İki ülke arasındaki sosyo-ekonomik farklılıkların ortaya konulması amacıyla kısa bir değerlendirmeye de yer verilmiştir.
azalan işletmelerin, krizin etkilerini hafifletebilmek ve maliyetlerini azaltabilmek için toplu işten çıkarma yapmalarını gerekebilmektedir. Çünkü her şirket krizi yönetebilmek ve atlatabilmek için yeterli kaynağı sahip olamayabilmektedir. Böyle dönemde devletler, toplu işten çıkarmaları engelleyerek istihdamı korumak ve işsizliği engellemek/azaltmak amacıyla şirketleri finansal olarak desteklemek üzere belirli planlar uygularlar (Mosley, 2020).


Bir sosyal politika müdahale aracı olan kısa çalışma uygulaması her bir ülkede kısa çalışma uygulamasının işleyişi, başvuru ve kabul kriterleri farklıdır. Ancak genel uygulama, işverenlerin mevcut talebe göre bir program yaparak çalışma saatlerini geçici olarak azaltması ve devletin çalışanların süreleri için çalışanlara maaş ödederek gelir kaybını telafi etmesi şeklinde kendini göstermektedir.


Kısa çalışma uygulaması söz konusu dönemde sadece ülke bazlı olarak uygulanmamış, uluslararası düzeyde de kullanılmak alanı bulmuştur. Avrupa Birliği, üye ülkelerde pandeminin olumsuz ekonomik ve sosyal sonuçlarıyla mücadele etmek üzere kısa
çalışma ve benzeri önlemlerin uygulanmasında üyelerini finansal açıdan destekleme kararı almış ve bu çerçevede tahsis ettiği 100 milyar Euro’nun 89,6 milyarını talepte bulunan 19 üye ülkeye dağıtmıştır.


Bu süreçte kısa çalışma düzenlemelerinde yapılan bir diğer değişiklik de kısa çalışma ödeneğindeki artıştır. Normal koşullarda kısa çalışma ödeneği %60 ve en az bir çocuğu olan çalışanlar için ise yüzde 67'dir. Gelir kaybının %50’den fazla olması ve işverenin
talebinin 31 Mart 2021 tarihinden önce gerçekleşmiş olması durumunda kısa çalışmanın dördüncü ayından itibaren ödenek miktarı %70, en az bir çocuğu olanlar için %77'ye; yedinci aydan itibaren ise en az bir çocuğu olanlardaki %80, en az bir çocuğu olanlar için ise yüzde 87'ye kadar çıkmaktadır (Sechtem, Lüderitz, Peters, 2021).

Yine, kısa çalışma döneminde yürütülecek mesleki eğitim faaliyetlerinin teşvik edilmesi için işletmedeki çalışan sayısına göre belli oranlarda eğitim maliyetlerinin karşılanması kararı alınmıştır (Dinçay, 2021).

Kovid-19 pandemisi döneminde kısa çalışmaya ilişkin olarak Alman kurumlarından edinilen istatistiklerin analizlerinden kısa çalışmanın Almanya'da istihdamın korunmasına katkı sağladığı anlaşılmaktadır. 2020 yılı Mayıs ayı istatistiklerine göre, kısa çalışmanın uygulanmadığı varsayıldığında istihdam edilen kişi sayısının salgın öncesine göre yaklaşık % 13'lük bir düşüşe tekabül eden 38 milyon seviyesine kadar düşmesinin söz konusu olabileceğini sonucuna varılmaktadır.


Kısa çalışma talebi, işverenin başvuru üzerine iş müfettişlerinin yapacağı uygunluk tespitine instiaden kabul edilmektedir. Kısa çalışma ödeneği miktarı, çalışanın son 12 aylık prime esas kazancının dikkate alınmasıyla hesaplanan günlük ortalama brüt kazancının % 60’ı olarak belirlenmiştir. Kısa çalışma ödeneği alınan sürede sadece çalışanın genel sağlık sigortası primleri ödenmekte, kısa (iş kazası ve meslek hastalığı,
hastalık, analık) ve uzun vadeli sigorta kollarına (malullük, yaşlılık, ölüm) ait primler yatırılmamaktadır (İŞKUR, 2021).


uygulandığı dönemde İş Kanununda belirtilen bazı haller dışında işverenin işten çıkarma yapmaması gerekmektedir.

Bir diğer düzenlemeyle ücretsiz izne gönderilen ve kısa çalışma ödeneğinden yararlanamayan çalışanlar için işsizlik sigortası fonundan sağlanacak nakdi ücret desteği için yararlanabilme şartları belirlenmiştir.


Diğer yandan işletmelerinde kısa çalışma uygulanan işverenlere, kısa çalışma uygulamasına son verilmesi ve normal çalışma saatlerine dönülmesi durumunda bir tür normalleşme desteği olarak 3 ay süreyle İşsizlik Sigortası Fonundan karşılanmak üzere prim desteği sağlanmasını imkanı getirilmiştir.

Bir diğer düzenleme ile ise Kovid-19 nedeniyle dışsal etkilerden kaynaklanan dönemsel durumlar kapsamındaki zorlayıcı sebeple çalışanların talepleri için son verilmesi ve normal çalışma saatlerine dönülmesi durumunda bir tür normalleşme desteği olarak 3 ay süreyle İşsizlik Sigortası Fonundan karşılanmak üzere prim desteği sağlanması imkanı getirilmiştir.

Kısa çalışma programı dış etkenlerden kaynaklanan zorlayıcı sebeple çalışanların talepleri için son verilmesi ve normal çalışma saatlerine dönülmesi durumunda bir tür normalleşme desteği olarak 3 ay süreyle İşsizlik Sigortası Fonundan karşılanmak üzere prim desteği sağlanması imkanı getirilmiştir.


Kısa çalışma süresi boyunca bir iş yerinin tam kapanması durumunda genel sağlık sigortası prımleri haricinde kısa ve uzun vadeli sigorta kolları prımlerinin karşılanmıyor olması çalışanların sosyal sigorta haklarından tam olarak yararlanmasına engel teşkil eden bir durum olup programın bir diğer zayıf yönü olarak göze çarpmaktadır.

Diğer bir nokta ise kısa çalışma ödeneğinin belirlenmesi ile ilgilidir. Söz konusu oranlar belirlenirken sadece bireyin kendisini baz almak yerine aile odaklı bir yaklaşım benimsenebileceği düşünülmektedir. Diğer bir deyişle, kısa çalışma ödeneğinden faydalanın bireyin evli veya çocuk sahibi olması bu tür hesaplamalarda dikkate alınması önemlidir.

Yine, kısa çalışma programında çalışanların çalışılmayan sürelerin bir fırsat olarak değerlendirilebileceği ve çalışanların mesleki becerilerini geliştirmeleri için bu süre boyunca bazı mesleki eğitim faaliyetlerinin de programa dahil edilebileceği değerlendirilmektedir.


Çalışmada birer politika tavsiyesi olarak sunulan hususlardan bir çoğunu hayata geçirilebilecek asında sosyo-ekonomik koşulların iyileşmesine bağlı bulunmaktadır. Gayrı Safi Yurtiçi Hasıladan sosyal harcamaları artırılabilecek miktarın artması durumunda kriz zamanlarında kısa çalışma ödeneği için tahsis edilebilecek kaynakların da artış gösterebileceği ve iyileştirilebilecek alanlarda ilerleme sağlanabileceğini değerlendirilmektedir.

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