

# Bulgaria and Turkey Railway Employment

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## ABSTRACT

The problem of unemployment in developing countries results from the outcome of the changes created by the transition from agriculture based economy to industry and service based economy. The labour market in Turkey presents important differences compared to other countries. Reasons of this can be counted as insufficiency of employment intensive investments and the problem of labour quality. In this study, we research the employment of rail freight transport sector in Bulgaria and Turkey.

**Keywords:** *Foreign trade, transportation, services, employment, railway*

## 1. INTRODUCTION

The world population has reached 2, 5 billion to 6, 7 billion between the years 1950-2007. According to the projections carried out by the United Nations, the world population is expected to reach 9, 2 billion. The life expectancy age which was around 30 in the year 1990 has increased to 66 today. In Turkey the pace of population growth has been decreasing. While the population growth has been around 3% till 1960, it is found that annual increase of population is below 2% in the census carried out in 2000. The share of the population below the age of 20 in the total population is predicted to decrease continuously and although the number of people with age are between 0-14 was around 20 million in year 2000, the share of this group in the total population was below 30%. It is assumed that this rate will decrease to around 17 % in the year 2050 for that reason it is also assumed that schooling demand will be lessen in the upcoming period[1].

## 2. SERVICE SECTOR

While agriculture sector was developing, the society was also undergoing a change in harmony with the sector. There was a similar process in the formation and the development of the industry sector and this process formed the industrial society. The same process is valid for the service sector. Starting from the 1970s there has been a transformation from industrial society to service society and this transformation is still continuing. While developing in the economical sense, the sector generates a vision of world and life style compatible with itself also in the social field and it continues to develop these each day[2].

The developments in the service sector also forms new service fields together with itself. Technological developments and the changes happening accordingly enable new services to come out.

The economic conditions in which the information society exists are called knowledge economy today. By sliding labour intensive works to the countries in low-income group, industrialized countries also slide from labour intensive works to the products and knowledge intensive activities which are based on know-how and creativity.

As a result of this, knowledge economy which is based on information and communication has these characteristics; continuously accelerating technological developments, increasing informatics and knowledge intensive activities, entering into narrowing market and durations of product/service life transformation, globalizations of the markets, dimming of the differences between branches of industry[3].

While annual change in world and service trade in 2003 was increasing 4,9 % compared to the previous year, this rate increased to 10,4 in the year 2004. In 2007, while this rate was decreasing to 7,2 %; in 2008 this rate realized as 3,3 % also with the impact of global crisis. In the year 2009, downsizing with 11 % and this rate will continue and it will be 6 per mille in the year 2010[4].

### 2.1 Transportation Sector and Importance of Transportation Sector

Transportation literally means the transfer of loads and passengers from one place to another one[5]. Transportation can also be defined as one physical units changing place from a starting point in space-time to a destination in space-time [6]. Transportation is an individual activity, a social service and an industry[7]. As a sub-system of logistics system, transportation can be described as “the most important component in logistic costs” [8]

World transportation sector is one of the important building structures of international trade developing in accordance with the increasing demands of integrating global economy. Application of regional development strategies, technological improvements, recovery of substructure opportunities, liberalization of trade and the rules which are determined by the regulating authorities, gaining importance of the quality in commercial service understanding and customer satisfaction, all, bring about rapid improvements in the transportation sector. Innovations allowing the development of goods and services' trade in production systems, decreases in transportation costs, and territorial and regional integrations have accelerated the development of world trade[9].

Pan-European and European-Caucasian- Asian transport corridors (TRACECA) set by European Union and United Nations-supported on-road and rail road based transportation projects are the most important transportation corridors including Turkey, connecting Asia and Europe. Two important transportation corridor not crossing over Turkey for east-west and north-south routed trade and transportation are Trans-Siberia and North-South corridors[10].

### 3. EMPLOYMENT IN TRANSPORTATION SECTOR

The process of globalization has important outcomes in terms of employment for both industrialized and developing countries. Globalization process creates an important impact on socio-economic dynamics which affects employment directly. Global crisis carries important risks such as decreasing of growth rate, production and investments, narrowing of exportation opportunities, weakening in real sector, problems in handling current account deficit, and coming face to face with the non-performing loans of banking sector.

**Table 1: Share Of Employment (%) 2008**

	AGRICULTURE	INDUSTRY	SERVICES
EU-27	5.7	24.9	69.4
EU-15	3.4	23.2	73.4
EU-12	14.8	31.9	53.3
BG	19.3	28.3	52.5
TR	23.7	26.8	49.5

Source: Eurostat

Other than the population growth rate's being 1,5 % in average which is a high rate, the growth rate of the population whose ages range between 15 and above, accepted as working age, arise 1,9%, which causes nearly 1 million people being included in the working population potential every year. For that reason, even non-agricultural employment of 1,2 million people created in a year (USA economy which is four times as big as ours could create jobs about 2 million in the last year) is not enough for reducing the unemployment rate. After all, nearly half of the population in work age's being not included in labor market with various reasons puts a restriction to this pressure to some extent[11].

When the share of services sector in employment compared to EU, while 43% of employment is in services sector in Turkey, this rate is 70% in EU-15; 66% in Japan and 80% in the USA.

The share of developing countries in services sector is above 70 %, this share reflects onto the shares which they take from the world trade and it is observed that agriculture sector continues with highly low rates. Service sector depicts a rapid growth in the world. In the USA, service sector constitutes more than 70% of gross national product. Until mid 80s, the growth rate of

important service sectors such as health services, accounting, engineering, architectural services and maintenance and repair services exist nearly twice as other industries. Its growth of employment is more rapid compared to industry sector[12].

#### 3.1 Employment Retaes in EU-27

While the population whose ages ranging between 15 and 64 at the age of work in West and Middle Europe countries is 317 million in 2005, it is expected to decrease to 302 million in 2025 and to 261 million in 2050. Although there is a tendency of population growth in Albania, Kosovo, Macedonia, Turkey and in many regions of Central Asia, it is expected that the population will decrease in many Balkan countries, Russia and Ukraine. In countries like Bulgaria, Moldova, Romania, Serbia and Montenegro, active population or the job seeking population is decreasing day by day. If they don't let in immigrants, Russia and other Europe Commonwealth of Independent States, will lose a major part of their population in the work age (between the ages 15-64 ); in 2005 this age group of 154 million people will be 32 million (14%) in 2025, and 101 million (34%) in the year 2050. This means the amount of labor force which is 119 million today will decrease with 37% and become 75 million in 45 years[13].

It is assumed that nearly 1,4 million of employment since the end of 2005 and around EU around 1,9 % employment has been created additionally. At the beginning of 2006, employment growth was 0,3% in the first quarter and it was 0,4% in the second quarter. Coming the decrease of employment observed in manufacturing industry in the previous years to an end and the sector's becoming to a job creating position is one of the most important factors underlying in this increase. In addition, the growth of financial services and wholesale and retail sale in the big countries which are members of EU is another factor affecting employment.

**Table 2: Employment Rate (%)**

	2004	2005	2006	2007	2008
European Union (27 countries)	55.6	56.3	57.3	58.3	59.1
European Union (15 countries)	57.0	57.8	58.7	59.7	60.4
Bulgaria	50.6	51.7	54.6	57.6	59.5
Turkey			40	40	39

Source: Eurostat

While new employment opportunities were highly being created in Spain in 2005, Italy and France remained weak in this issue. In 2006, Spain is again exists among the countries in which the most employment growth is expected. Also, in Luxembourg

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and Ireland, high growth rates like 3,8 % and 4,4 % are expected respectively in 2006.

Although a decrease in unemployment rate is observed on the whole, long-term unemployment (45% of existing unemployed people in Europe seek a job for more than a year) is still a problem waiting to be solved. In addition to long-term unemployment problem, employment rate in terms of Europe is another sign which needs to be recovered. Even though employment

rate has increased to 63,5 % in the last years, this rate has both remain far away from the level aimed by Lisbon Strategy and also continues lowly compared to the USA and Japan (in the levels of 70%). When the sectoral distribution of employment in EU countries is analyzed it is observed that services sector has the important share in employment. This sector is followed by industry and agricultural sectors respectively.

**Table 3:** Employment by Mode of Transport (in 1. 000), 2007

	Total	Road freight transport	Road passenger transport	Railways	Pipelines	Inland water transport	Sea transport	Air transport
EU27	9.212,7	2.963,1	1.960,5	864,4	12,0	43,4	184,0	409,1
EU15	7.302,3	2.293,5	1.522,8	506,9	6,0	34,5	166,3	379,2
EU12	1.910,4	669,6	437,7	357,5	6,0	8,9	17,7	29,8
BG	144,2	37,6	35,9	17,9	0,0	1,7	4,8	2,7

Source: Eurostat

While Bulgaria and Slovenia has a tendency of the growth of employment rate, it is observed that no

serious growth realize in Romania and Slovakia. On the whole of EU-27 countries, employment growths are considered highly important.

**Table 4:** Turkey- Bulgaria Statistic

CONTRIES	Area	Population	The Length of Road	Passengers	Mainlines		
	(1.000) Km2	Million	(1.000) km	(1.000)	Non Electrified	Electrified	Tot.
TURKEY	779	72	70	27.606	6.771	1.928	8.699
BULGARIA	111	7	7	33.513	1.317	2.827	4.144

Sourche: TSRAS, <http://www.tcdd.gov.tr>

In Turkey, 65% of diesels locomotives, 63% electric locomotives, 55% of passenger wagons, 60% of freight wagons, are over 20 years of age.

Bulgarian railways, the number of staff in terms of number of employees according to Turkey, even though less than the total length of the outline is quite high.

**Table 5:** Turkish State Railways Staff

Years	P. Worker	Cont. Staff	Officer	Total
2005	12.329	16.569	939	29.837
2006	11.629	15.787	917	28.333
2007	13.409	16.673	919	31.001
2008	12.925	16.151	877	29.953
2009	11.993	15.613	858	28.464

Sourche: TSRAS, <http://www.tcdd.gov.tr>

Table 5 in the Turkish State Railways is the number of employees. Significant decrease in the number of employees with temporary status were to rise in 2009, the total number of employees is decreasing.

TSRAS, 35,853 in 2003 29,966 as of 2009, the number of employees dropped to. The appointment of retired personnel is not possible for the new one was below the level of need for active personnel. Turkey, an important part of the population by the number of passengers moving, the number of personnel per 1 km from the railway is 3. Turkey, technicians and other skilled personnel needed to meet the railway transport university-related programs / departments need to be opened

Railways with a reduction in workforce of around 12,000 over five years would increase the effectiveness of these measures is estimated to bring the level of TCDD is expressed European railways. Since the onset of the economic crisis in the middle of 2008, the performance of the rail sector has deteriorated rapidly.

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The third quarter of 2009 witnessed the first signs of a slight improvement, with a reduced decline in tonne-kilometres of around 20%. This trend continued in the fourth quarter of 2009 which, although still in decline, proved to be the best quarter in 2009 for freight companies. For the whole of 2009, tonne-kilometres declined by almost 20% in Western Europe and 24% in Central and Eastern Europe. Although the decline in tonne-kilometres in 2009 followed a similar path in Western and Eastern Europe, the financial impact of the resulting revenue loss has been more severe in the latter. Here, tonne-kilometres were already declining in early 2008 and the financial situation of rail companies has been critical for years. As a consequence, some railways in Eastern Europe have been unable to pay their staff in full, and suppliers are not being paid and are charging penalties. Services have had to be cut, too.

The impact of the economic crisis on rail passenger services became visible in the first quarter of 2009 and has been much more pronounced in Central and Eastern Europe than in Western Europe. The fall in passenger-kilometres continued to grow steadily each quarter and, unlike the freight business, does not appear to have peaked yet. For the year 2009, passenger-kilometres declined by almost 8% in Central and Eastern Europe.

#### 4. CONCLUSION

EU Transportation sector constitutes 7% of gross national product, 7% of employment, 40% of member country investments and 30% of energy consumption. In the traffic realizing in the union a demand growth of approximately 2,3 for the goods and 3,1% for the passengers in the last 20 years come to existence. Important steps taken for the liberalization of the economy of the Union like the completion of single market, especially removing the borders and liberalization of sea transportation make the need for creating a common transportation policy inevitable. These steps have importance in terms of the continuation of the desired growth and also in terms of handling with the problems like blockage and saturation of the market share. However, there are various restrictions for the liberalization of the transportation.

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