

Do wage subsidies alleviate employment discrimination against adult women?: The case of Turkey

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Abstract:

This paper investigates the employment effects of the employment subsidy programs implemented in Turkey following the 2008 crisis. The Turkish government put into practice active labor market programs (Law 4447 Provisional Articles 7 and 10) to generate new employment for all women and younger men, which are the relatively disadvantaged groups in the Turkish labor market. We use a nationally representative micro-level dataset and a difference-in-differences approach to estimate the causal effect of these programs. We find that although these incentive programs are relatively costly, they help to decrease discrimination faced by adult women especially in the low-skilled blue-collar jobs and high-skilled white-collar jobs. These wage subsidies result on average a 1.2 percentage points increase and at most, a 3.3 percentage points increase in the share of adult women in newly hired workers.

Keywords: Difference-in-differences, employability, gender discrimination, microlevel data, subsidy programs

JEL Codes: D63, J16, J24, J46, H20