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Estimation of the Mincerian Wage Equation in Turkey: A Semiparametric Approach

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ABSTRACT

The one of aims of this study is that explaining how Mincer equation stand in light of advances in empirical labor economics. On the other words, should relationship between wage and explanatory variables be examined by functional forms in standard Mincer wage equation or modified Mincer wage equation? To answer this question, the relationships between wage and explanatory variables were estimated by using semiparametric regression model. The other aim of the study is that considering the spatial effect on wages. The wage equations were estimated separately based on gender and sector by utilizing Household Labor Force Survey micro data set of 2013 in Turkey in order to analyze the empirical performance of Mincerian wage equation. The estimation results show that experience variable, is added as quadratically into the Mincerian wage equation, should be added as linearly based on private sector and male employees but in cubic form for female employees. On the other hand, the coordinate variables measuring the spatial effect on wages show that wages are maximum for public sector in Ankara and nearby cities. The wages are maximum across the country and for private sector in Istanbul and nearby cities with some provinces from the east of Turkey.

KEYWORDS Semiparametric regression; Turkey; Mincerian wage equation; Penalized Iteratively Reweighted Least Squares

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