Responses to Anonymous Invited Reader Comment

*We thank very much to the anonymous reader for his/her valuable comments and suggestions.*

Referee Report

This paper estimates the gender pay gap in Turkey between 2003-2010 using the Turkish Household Budget Survey. The authors use different decomposition methods and focus on the change in the wage gap over time (from 2003 to 2010). They find that the differences in the observed part of the gap have declined, while the part attributable to discrimination has increased over time.

The research question is a very standard and old one. The methods used in the paper are old fashioned and over-used. In its current form, the paper does not offer a significant contribution to the literature.

Below I provide some suggestions to improve the quality of the paper.

1- I don’t understand why the authors limit themselves to the period 2003-2010. As far as I know, it is possible to get the micro-level datasets for 2014 (for the Labor Force Survey). Given that the authors do not make a significant contribution to the literature, it might be a good idea to use the most up to date data. New data can offer new stories, which can improve the quality of the paper. **We will reestimate all models for each year between 2004 and 2014 by using the Labor Force Survey.**

2- 2003 and 2010 may not be the ideal years to perform a comparison. 2003 is right after the 2001 crisis in Turkey and 2010 is right after the 2008 global crisis. The nature and depth of these two crises are quite different from each other. These differences have a potential to affect the results. The authors should use the micro level Labor Force Survey dataset from 2004 to 2014 (for every year) to capture the time series evolution of the gender pay gap over time rather than naively focusing on the change between two years. Maybe the differences in the nature of those two crises are driving the results. As mentioned above, all models will be reestimated for each year between 2004 and 2014 using the Labor Force Survey.

3- Both Oaxaca-Blinder and JMP are “very old” techniques. The authors should not try to sell the JMP method as if it is a new one. **We will acknowledge in our paper that Oaxaca-Blinder and JMP techniques are not new methodologies.**

4- The Heckman correction exercise is not performed correctly and the interpretation of the coefficients is also not correct. It is not clear what is the first step, what is the second step, which variables are used as instruments (i.e., exclusion restrictions), why they are used as instruments, why this is a plausible assumption. **The first and the second steps of the Heckman methodology are explained in the paper (the second paragraph in Section 4.2), and the Heckman correction procedure has been performed accordingly.** Exclusion restrictions are variables that affect the selection process (the probability to work), but not the wage rate ‘directly’. Practical examples for such variables could be marital status, presence of young children in the household, indicator of the head of household, income of the spouse, household wealth, non-labour household income, etc. (see: Puhani, P. A. (2000). “Heckman Correction for Sample Selection and its Critique”, *Journal of Economic Surveys*, 14(1): 64). In our study, we use marital status, the presence of young children in the household, household head status, and non-labour household income as our exclusion restrictions. We will mention it in the manuscript.

5- Rather than using hours as an explanatory variable, the authors should take the more conventional way and use hourly pay as the dependent variable. At least hourly pay should be used in the analysis as a robustness check exercise. **This is also the suggestion of an anonymous referee. We will use hourly wages as our dependent variable in the new estimations.**
6- The “Introduction” is useless. The authors should summarize the findings in the introduction. **Introduction will be revised in the light of the new estimation results. We will summarize the main findings of the study in the introduction.**

7- The theoretical part is trivial. It is absolutely redundant to write the equations for OB and JMP decompositions, as they are extremely well known in the literature. **We will revise and shorten the section on theoretical background (especially the parts where we discuss the rationale for including independent variables). However, since the Journal is not specialized in labor topics, and the audience is relatively broad, we believe that it would be useful to keep at least some of the equations.**

8- The authors do not explain the main story behind their findings. Why did the gender pay gap increase over time? **We will rewrite the interpretations of our finding in the light of new estimations results.**

9- It is well-documented in the modern literature that interpreting the “unexplained” part in the old-fashioned methods (such as OB) as “discrimination” is problematic. This is one of the reasons why I did not like the paper. The authors should provide a satisfactory explanation about the limitations of the methods used in the paper. **We will emphasize the limitations of the methods used in the paper.**