

Hiring subsidies and female employment

Abstract

We study a hiring subsidy targeted at women with extended labor market interruptions in Italy to examine firm hiring decisions following subsidy adoption and the career outcomes of the targeted group. Using comprehensive employer-employee data from social security records, we document that subsidized firms change their hiring patterns by increasing hiring of women from the target group, including mothers. Workers hired through the subsidy are also more likely to remain employed in the long term. We argue that the hiring subsidy operates as a mechanism allowing firms to learn about the potential productivity of disadvantaged groups.

This paper is joint work with M. Distefano and A. Raute.

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