

## **The Employment Effects of Covid-19 by Firm Size: Evidence from Turkey**

**Ayla Oğuş Binatlı**

İzmir University of Economics, Turkey  
ayla.ogus@ieu.edu.tr

**Alper Duman**

İzmir University of Economics, Turkey  
alper.duman@ieu.edu.tr

**Oğuz Esen**

İzmir University of Economics, Turkey  
oguz.esen@ieu.edu.tr

### **Abstract**

The Covid-19 pandemic impacted businesses and labour markets in important ways. In developed countries, the potentially devastating effects of forced firm closures and stay-at-home measures were mitigated in direct proportion to the scale of government support and stimulus packages. In emerging countries, the economic lockdown was less severe and the government support less extensive. The economic cost of the pandemic in the short term can be witnessed rather clearly in the labour markets. In this paper, we analyse the labour market impact of the pandemic in Turkey. We quantify the effect of the Covid-19 pandemic on firm closures and employment, by firm size. We utilise data on formal employment by firm size and province published by the Social Security Institution (SSI). We find that the short-term impact of the Covid-19 pandemic on employment was negative but this effect was confined to smaller firms. We also find that the regional impact was uneven and conclude that the effect of the Covid-19 pandemic on the Turkish labour market exacerbated the existing inequalities.

**Keywords:** covid-19, firm closures, labour market, Turkey

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