PREFACE

Gender matters. Even today, when a larger proportion of women are working at greater relative pay than any time in the past century, gender plays a significant role in virtually all aspects of the labor market, from the allocation of resources in the home to salaries of chief executives. This volume contains eight papers. Each deals with a particular aspect of gender. One paper deals with executive pay, one with risk preference, one with childcare, one with household resource allocation, one with starting salaries, one with wage growth, and finally, one with intergenerational mobility.

In the first paper, Stefania Albanesi, Claudia Olivetti, and María José Prados document three new facts about gender differences in executive compensation based on data from Standard & Poor's ExecuComp data set, which collects information on the compensation of top executives in firms belonging to the S&P 500, the S&P Midcap 400, and the S&P SmallCap 600. First, female executives receive a lower share of incentive pay in total compensation relative to males. Second, the compensation of female executives displays lower pay-performance sensitivity. Third, female executives are more exposed to bad firm performance and less exposed to good firm performance relative to male executives. There are two main theoretical paradigms which could explain these facts. The first is based on the model of efficient contracting in which shareholders set pay for top firm executives to optimally trade-off insurance and effort provisions. The second is a model based on managerial power which suggests that managers are able to set the terms of their own pay. While the efficient contracting model can explain the first two facts, only the managerial power model is consistent with the third fact. The authors conclude that these findings suggest that the gender differentials in executive compensation are inefficient.

One of the possible determinants of gender differences in the structure of pay is that women exhibit lower risk tolerance. In the second paper, Jyoti Rai and Jean Kimmel investigate whether women exhibit greater financial risk aversion than men using attitudinal and behavioral specifications of risk aversion drawn from the 2010 Survey of Consumer Finances (SCF). Attitudinal specification of risk aversion is approximated using individuals' self-reported financial risk tolerance, and behavioral specification is approximated using relative risk aversion; that is, the effect of wealth on the proportion of assets categorized as risky. The authors find that while women display greater attitudinal risk aversion, gender difference in behavioral risk aversion depends upon individuals' marital status and their role in household finances. Single women exhibit greater behavioral risk aversion compared to single men. However, there is no gender difference when comparing behavioral risk aversion of married women and married men in charge of household finances.

Differences in compensation between men and women may also arise because of asymmetric allocation of household responsibilities including childcare. In the next paper, Magnus Wikström, Elena Kotyrlo, and Niklas Hanes investigate the effects of the 2001 and 2002 Swedish childcare reforms on women's labor force participation and earnings. These reforms introduced a uniform fee system, increased accessibility of childcare to unemployed women and those women on parental leave, and introduced universally available childcare for preschool children (4–5 years old). The study distinguishes immigrant and native Swedish mothers to assess whether increased accessibility to childcare might be particularly beneficial for groups facing obstacles in entering the labor market. The results suggest that the reforms had a positive effect on earnings and labor force participation among native mothers with preschool children. However, immigrant mothers did not experience any gain in labor market outcomes as a response to the reform.

In part culture may play a role for gender differences in the labor market. As documented in the next paper, some societies allocate resources based on family composition including child gender. In that paper, Ebrahim Azimi examines intra-household resource allocation in Iran. Iranian culture is strongly patriarchal. As such, gender composition may substantially affect how family resources are used. On the one hand, giving birth to a son may be a source of pride enabling the mother to bargain better for more autonomy. On the other, the presence of boys creates competition between the mother and her sons. The paper utilizes the 2005 Iranian Household Expenditure Survey (IHEIS) to estimate a structural household model to obtain the share of resources allocated to each family member. It finds rural, but not urban, Iranian families allocate more resources to sons.

Human capital investments, especially college graduation, are important determinants of earnings. In recent decades the female college graduation rate outpaced the male rate. In the next paper, Sarah Kroeger examines the determinants of this widening college gender gap in favor of women by performing a dynamic analysis for two cohorts from the 1979 and 1997

National Longitudinal Surveys of Youth. The author decomposes the increase in the college gender gap into three categories of measurable attributes (family background, cognitive skills, and noncognitive skills) over two time periods. The results show that roughly half of the observed college graduation gender gap in the NLSY97 is due to female advantages in observable characteristics, and roughly half is due to other unobservable factors. With respect to the change in the gap, approximately 29% can be attributed to changes in the relative characteristics of men and women, in particular, declining noncognitive skills for men.

Even though women exhibit a higher college graduation rate compared to men, starting salaries differ. Initially, men earn only slightly more than women, but this gap widens as careers advance. In the next paper, Robert J. Thornton and Judith A. McDonald estimate the gender starting-salary gap for college graduates from 2000 to 2010 using a unique data set from the National Association of Colleges and Employers (NACE). NACE's salary survey is the only continuous annual survey of starting salaries for recent U.S. college graduates reporting salary information by gender for a large number of majors and job types. Using simulation techniques, the authors estimate how the salary gap would change if women had selected the same majors or job types as men. The findings suggest that about 90% of the starting-salary gap is explainable by gender differences in majors and types of job offers, and that the gender distributions of job offers by college major and type of first jobs have not become more similar over the past 10 years. Although differences in college major and types of first jobs explain most of the gender gap in starting salaries of college graduates, small but unexplained gender pay differences reveal themselves in the NACE statistics.

As mentioned above, wage growth diverges for men and women. In the next paper, Philippe Belley, Nathalie Havet, and Guy Lacroix propose a model of statistical discrimination in order to understand the weaker wage growth of female workers. The model assumes that female workers' productivity is noisier and that the noise/signal ratio tapers off more rapidly for male workers. Gender differences in productivity uncertainties may be due to different choices in the field of study and other intrinsic differences in behavior (i.e. risk attitudes, propensity to compete and negotiate). Further, most employers are disproportionately men, so these field and behavioral differences may make it harder for them to accurately assess the productivity of female workers. These two model assumptions yield numerous theoretical predictions pertaining to gender wage gaps. The authors test these predictions using data from the 1979 cohort of the

National Longitudinal Survey of Youth. They find that men and women have the same wage at the start of their career, but that female wages grow at a slower rate, thus generating a gender wage gap.

Another reason why women, despite having surpassed men in education, have not yet achieved full convergence with men in terms of earnings is related to their occupational choices. In the next paper, Julia M. Schwenkenberg documents how gender differences in occupational status (defined by earnings, education, and returns to skills) have evolved over time and across generations. The author finds that women choose more flexible jobs than men, but whereas men dominate women in high-powered occupations, they are also more likely to be in low-skilled low-pay occupations. The gender gap in high-powered occupations can be explained mostly by lack of convergence in gender roles in the household, where women are spending more time in housework and are, therefore, less likely to choose a high-powered profession.

As with past volumes, we aim to focus on important issues and to maintain the highest levels of scholarship. We encourage readers who have prepared manuscripts that meet these stringent standards to submit them to *Research in Labor Economics* (RLE) via the IZA website (http://rle.iza.org) for possible inclusion in future volumes. For insightful editorial advice, we thank Ernesto Aguayo-Téllez, Ronald Bachmann, Reagan Baughman, Massimiliano Bratti, Aline Bütikofer, Stacey Chen, Arnaud Chevalier, Francesco D'Amuri, Sylvie Démurger, Stefano Gagliarducci, Shoshana Grossbard, Wayne Grove, Elisabeth Gugl, Christina Håkanson, Ann Marie Hibbert, Barry Hirsch, Joyce Jacobsen, Nancy Ammon Jianakoplos, Elena Kortylo, Astrid Kunze, Kien Trung Le, Haoming Liu, Xingfey Liu, William Lord, Daniele Paserman, Tuomas Pekkarinen, Pia Pinger, Patrizio Piraino, Nuria Rodriguez-Planas, Giovanni Russo, Trudie Schils, Holger Seebens, Dina Shatnawi, Leslie Stratton, Giovanni Sulis, Laura Truner, Susan Vroman, Anne Winkler, John Winters, and Elke Wolf.

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