
THE ECONOMICS OF GENDER: a growing research area

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* The views in this presentation are those of the author and do not represent the views of the Bank of Spain or the Eurosystem.

The Economics of Gender

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- ❖ More research
- ❖ COSME
- ❖ Outline

Gender wage gaps

Fertility and participation

Household time allocation

Gender quotas

Gender differences in Science

Conclusions

It is the area in economics that study gender differences in economic variables, such as:

- wages and income,
- hours of work and leisure,
- poverty rates,

and other often used by economists to measure **welfare**.

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and other often used by economists to measure **welfare**.

Economic analysis represents a useful approach because:

- a theoretical framework of analysis,
- statistics tools,

that allow us to evaluate gender equality policies or other policies specific to a particular group.

A growing research area

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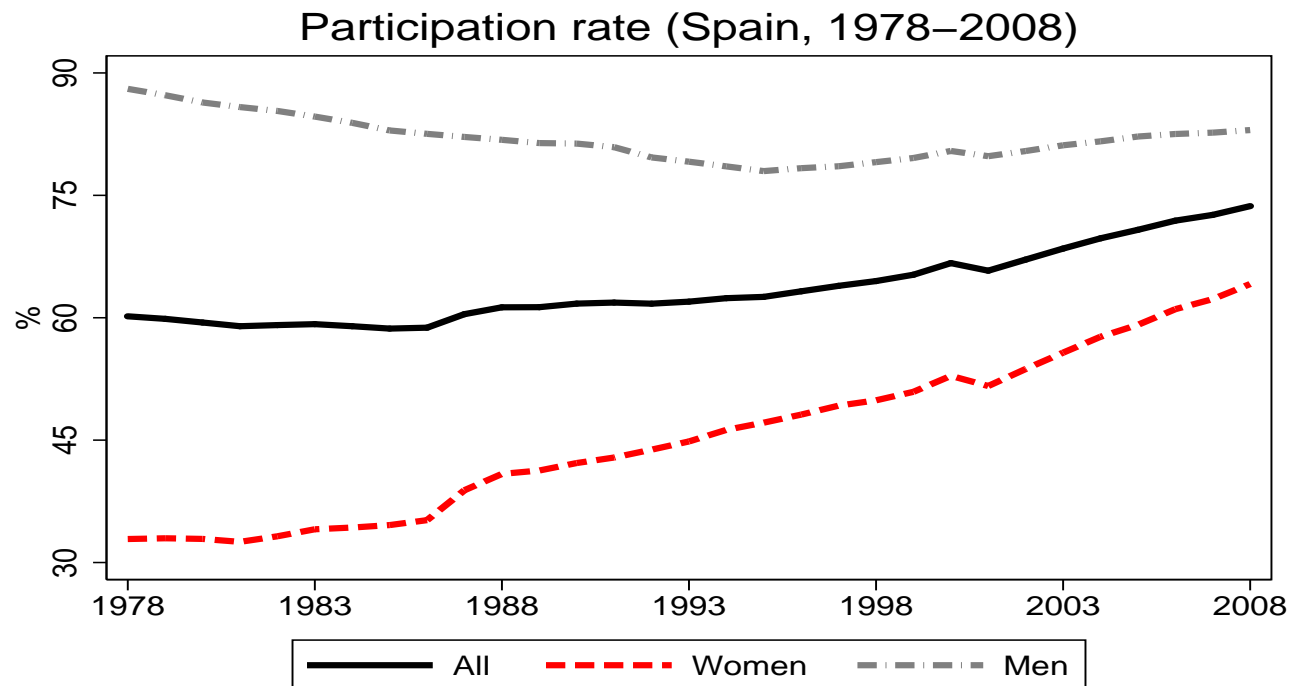
Gender quotas

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Research has grown at an unprecedented pace in the recent decades across branches of economics:

- increasing female labor force participation,



- increasing importance of gender equality laws and affirmative action policies.

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The Committee was founded by the Spanish Economic Association in December 2006, to:

- contribute to the development of this research area,
- promote the advancement of women in the economics profession.

The Committee is open to all those economists interested in participating in and contributing to these issues.

It is the analogous in Spain to what Women in Economics is in the European Economic Association, the Committee on the Status of Women in the Economics Profession (American Economic Association) or the Committee for Women in Economics (Royal Economic Society).

Outline of the talk

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Gender Economics Issues:

- Gender differences in wages
- Fertility and labor force participation
- Social norms and household time allocation
- Gender differences in competitiveness, decision-making and gender quotas
- Gender differences in the academic or scientific career
- ...

From gender wage differentials...

Introduction

Gender wage gaps

❖ From gender wage differentials...

❖ to differences in productivity

❖ Determinants

Fertility and participation

Household time allocation

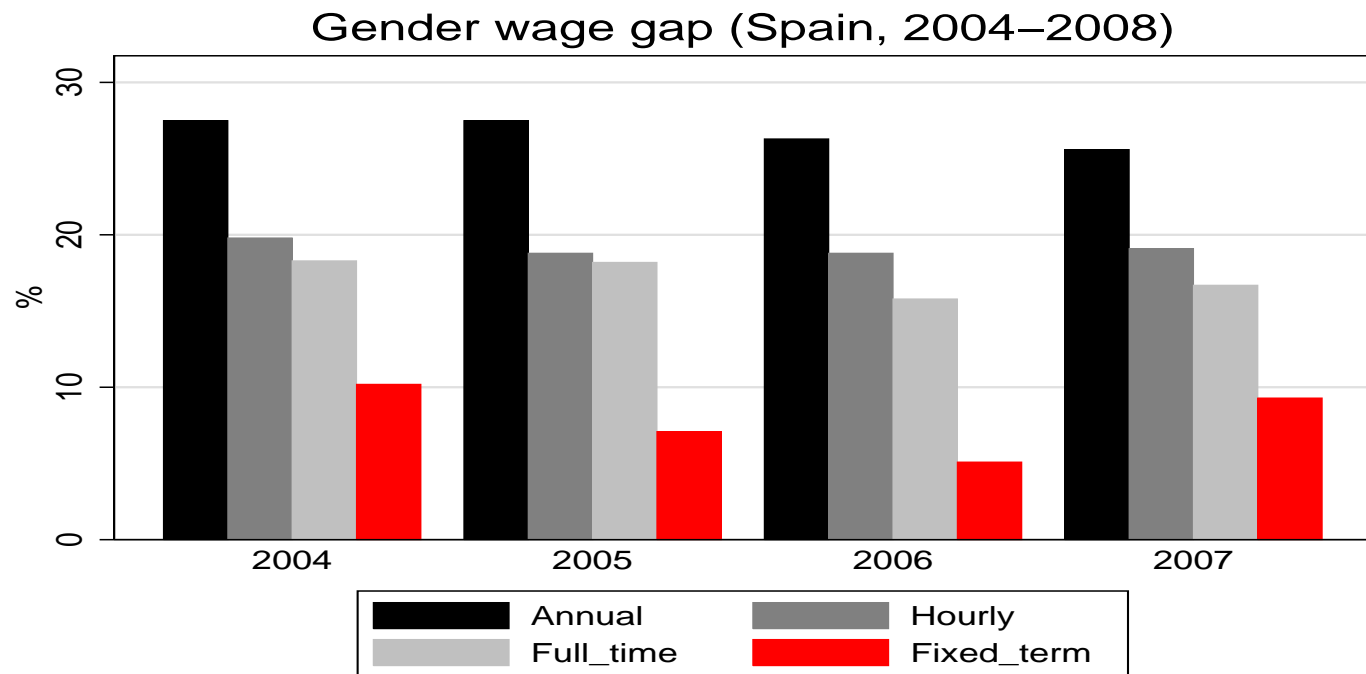
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Traditionally, male-female **wage gaps** are decomposed (Oaxaca 1973) into:

- one component due to differences in characteristics,
- another component due to differences in returns, that remains unexplained, so-called discrimination.



Source: Encuesta Anual de Estructura Salarial. INE

to differences in productivity

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More recent approach (Hellerstein and Neumark 1999):

- with matched employer-employee data, we can estimate the relative productivity of several types of workers and their relative wages,
- under the assumption of perfect competition, wage is equal to productivity and therefore any difference in wages that is not driven by a difference in productivity may be considered as discrimination.

Bartolucci 2010 extends the model to incorporate frictions in the labor market and estimates an equilibrium search model with German microdata. Although the theory omits periods of inactivity, it turns out that most of the gap is accounted for by differences in productivity.

Which are the determinants of the differences in productivity?

Determinants

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Recent studies for different countries (US: Bertrand *et al.* 2008, Loprest 1992; UK: Manning and Swaffield 2008; Spain: Amuedo-Dorantes and de la Rica 2009, Hospido 2009) pointed out the differences in:

- hours of work,
- continuous vs. split work shifts,
- career interruptions,
- absenteeism from work,
- occupational segregation by gender.

These differences may be due to preferences, social norms or discrimination. Disentangling the various drivers from the data is very difficult, so there is still a lot of research work to be done.

Low fertility

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❖ Fertility

❖ Simultaneity

❖ Participation

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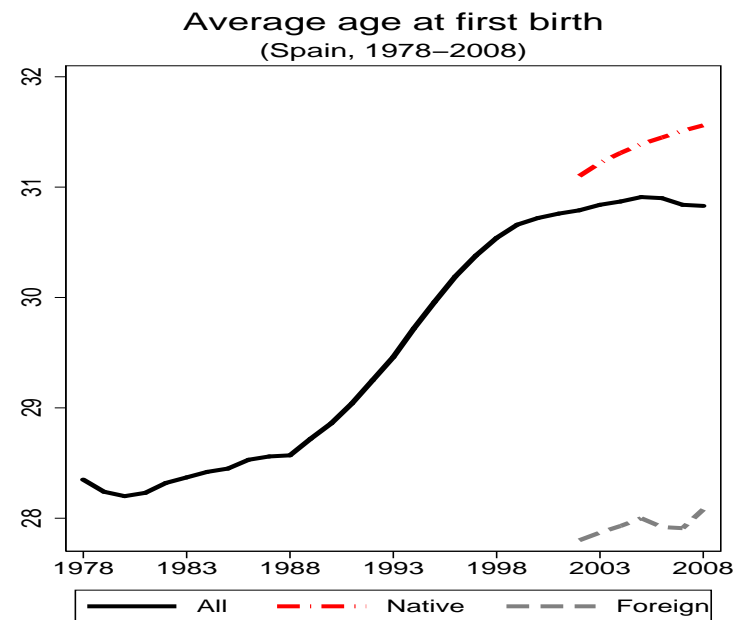
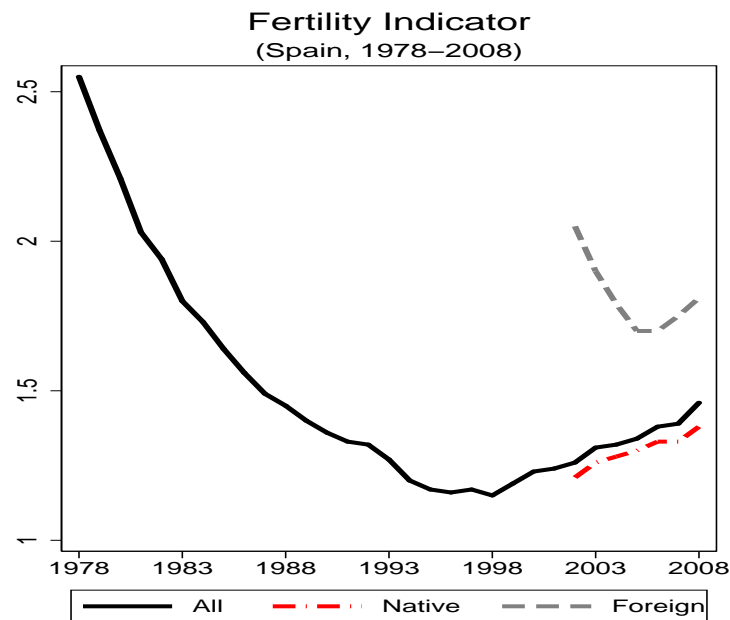
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The increase in female labor market participation has been accompanied by other significant demographic changes:

- Persistent decline in fertility rates (Mira and Ahn 2002). Spain has one of the lowest total fertility rates in the OECD countries.
- Average age at first birth is one of the highest.



Source: Indicadores Demográficos Básicos. INE

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- Average age at first birth is one of the highest.

Spain tried to target both issues through an income tax reform in 2003:

- (i) sizeable increases in households tax deductions per child (to encourage **fertility**),
- (ii) tax credit for working mothers of young children (to also encourage **participation**).

Simultaneity

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The simultaneous nature of the policy may have conflicting effects, as we may expect that by encouraging female attachment to the labor market, women would become less likely to have children (and vice versa).

To separate each component, Azmat and González 2010 use an earlier tax reform that took place in 1998, with significant changes in child deductions amounts but with no tax credit contingent on work. They find that:

- fertility is estimated to have increased by a 5%, being stronger among young and lower-educated women.
- the participation rate of mothers with children under the age of 3 years increased by about 1.6 p.p. The increase in participation would have been even more (up to 5%) in the absence of the change in child deductions.

Encouraging participation

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As population ages around the world individuals are increasingly encouraged to extend their working life to reduce budgetary concerns of old age insurance systems.

The effective age of retirement is well below the official age of receiving a full old-age pension and females are found to retire one or two years earlier than males.

- Hospido and Zamarro 2010 find significant evidence of joint retirement decisions.
- Family represents one of the most important sources of elderly caregiving, specially daughters in their mature age. This help may imply high opportunity costs in terms of reduced employment for those women.

Crespo and Mira 2009 estimate a negative effect of daily informal caregiving to elderly parents in the labour force participation of their daughters.

Household time allocation

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❖ Time allocation

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The increase in female labor force participation in recent decades has not been fully compensated by a similar decrease in women's home time:

- women continue to do most of home labor (Bittman and Wajcman 2000),
- spend between twice and 4 times more time in childcare than men (Aguiar and Hurst 2007).

In traditional theories of the household, a woman's relative share of housework decrease with her relative earnings.

According to the doing gender hypothesis, the share only decreases up to the point where her earnings are the same as her husband. Beyond that point, the share remains constant or increases.

Idea: when the men earn less, a gender norm violation occurs. Thus the wife, the husband or both try to neutralize this deviance.

Household time allocation and social norms

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Fernández, Sevilla-Sanz and Giménez 2010 examine the role of the doing gender hypothesis vs. traditional models in explaining how the female share of home labor varies with relative earnings in Spain.

The authors construct measure of housework and childcare using the 2002-03 Spanish Time Use Survey. Their findings:

- the share of housework is lower for women who earn the same or more than their husbands relative to those who earn less,
- a woman's share of childcare time displays a flat pattern over the distribution of spouses' relative earnings.

Gender differences in competitiveness

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❖ **Competitiveness**

❖ Decision making

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The under-representation of women in decision-making positions may be due to differences in ability, preferences, or gender discrimination. Recent research documents that many women, even high performing ones, often **shy away from competition** (Gneezy and Rustichini 2004).

From the firm perspective it is particularly costly if the upper tail of the performance distribution does not enter competitions for jobs or promotions. Niederle, Segal and Vesterlund 2010 examine experimentally whether **quotas** can entice more women to compete:

- when women are guaranteed equal representation, more women and fewer men enter competitions,
- without costs because with the entry of new high performing women, who would not enter without quotas, there is not need to lower the minimum performance requirement for women.

Women in decision making

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❖ Competitiveness

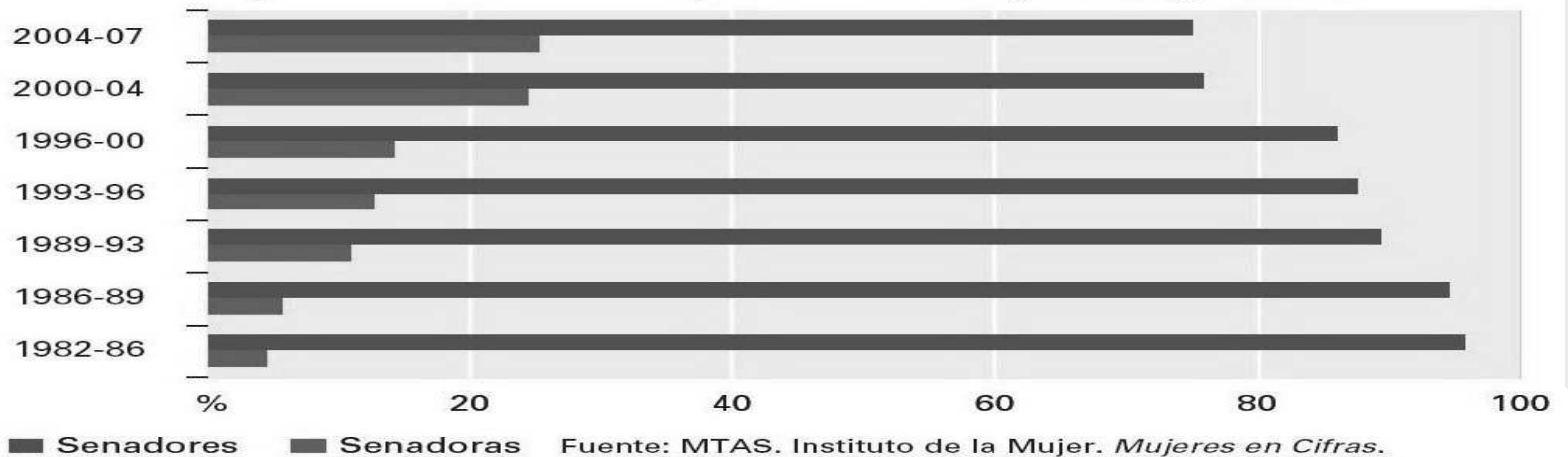
❖ Decision making

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In Spain, the presence of women in politics and on corporate boards is still extremely low.

Porcentaje de senadores y senadoras por legislatura

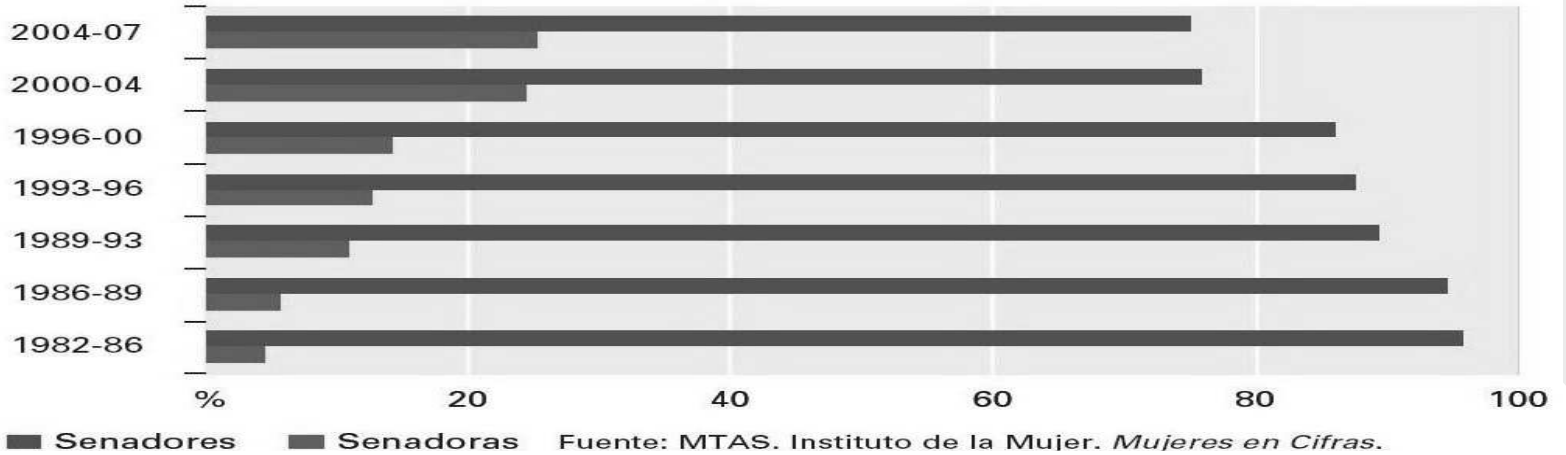


Women in decision making

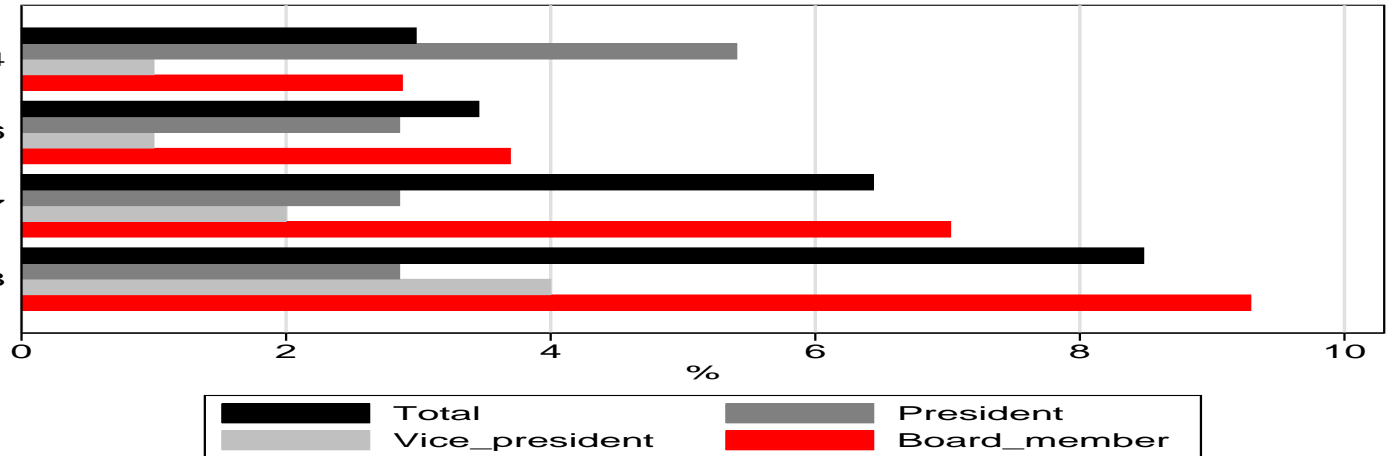
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Porcentaje de senadores y senadoras por legislatura



Percentage of women on corporate boards IBEX35



Source: *Mujeres en cifras*. Instituto de la Mujer. MTAS

Women in the Spanish Senate

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In Spain, the presence of women in politics and on corporate boards is still extremely low.

The Spanish government supports the use of quotas as a means to promote greater gender equality. However, to avoid undesirable effects, the **design** must be appropriate.

Esteve-Volart and Bagues 2010 investigates why gender quotas in candidate lists have often lead to disappointing increases in the number of elected female politicians.

Using data from Spain, they find that parties tend to nominate female candidates to poorer positions on the ballot, with the exception of constituencies where order on the ballot is irrelevant for the electoral outcome.

Taking advantage of the particular design of the Senate ballot, where order is alphabetical, they find that women (but not men) are selected by parties on the basis of last name.

Women on corporate boards

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Escot, Gimeno and Mateos 2009 use data from the largest Spanish companies to examine which are the factors related to the presence of women on their **boards**.

- **Contagious factor:** positive correlation between the number of women already on the board and the probability of adding a new woman to the board.
- This probability also increases:
 - ❖ with the size of the board,
 - ❖ in family-owned firms and cooperatives,
 - ❖ in companies with lower variability in their results,
 - ❖ in companies in which the shareholders have great power when hiring directors,
 - ❖ in service-oriented and labor-intensive companies,
 - ❖ in older firms.

Gender differences in the scientific career

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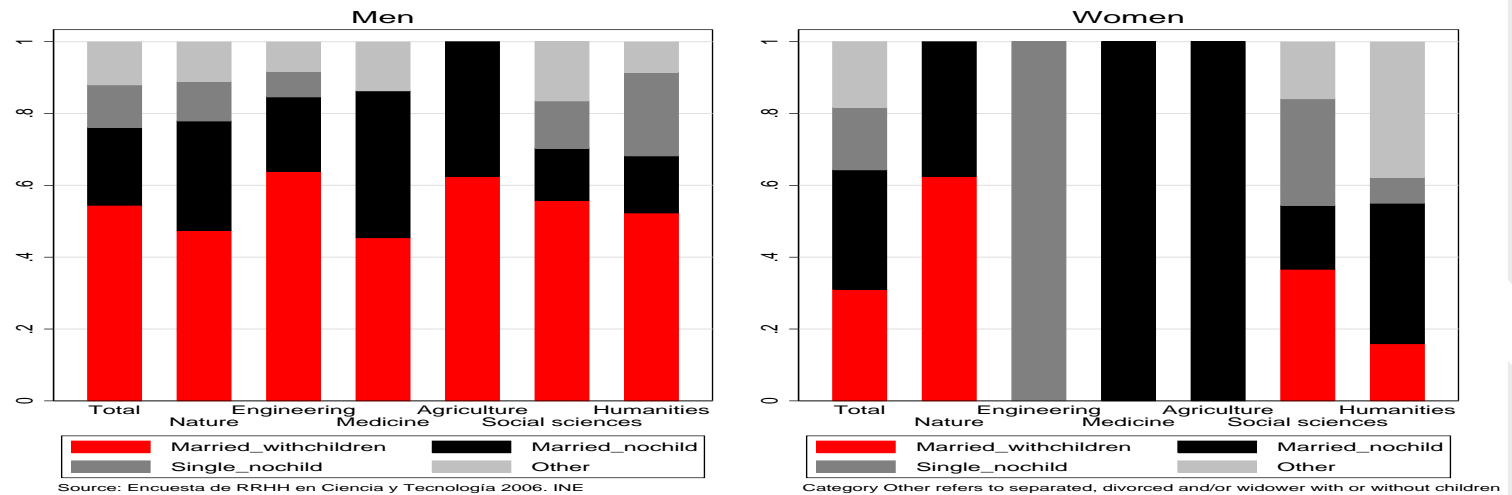
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Results from the White Book of Gender Differences in Science in Spain (de la Rica, Dolado and Sáez de Madariaga):

1. For women exists a **trade-off** between family and success.

University full-professors by family status



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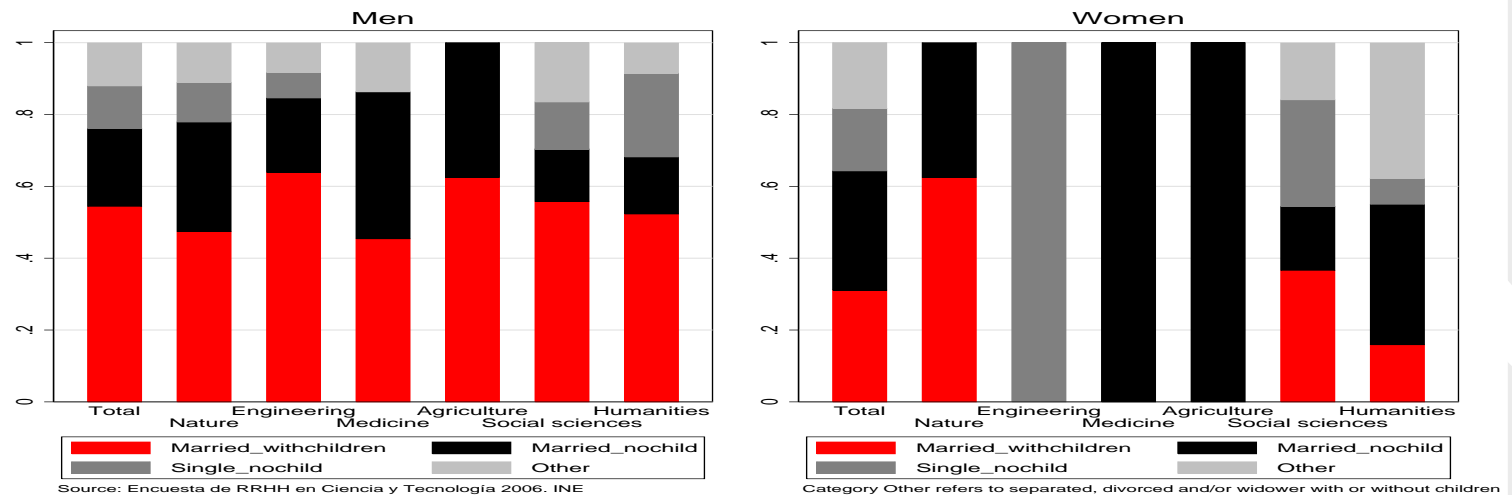
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University full-professors by family status



2. The probability of **promoting** to full-professor is higher for males than for comparable females.

For a given age, tenure since PhD., research area and recent academic productivity (papers and books published, thesis advised), the promotion probability is **2,5** time higher (**almost 4** with family responsibilities).

Conclusions

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The current situation of women in Spain:

- negative gender wage gap related to maternity, also present in hours of work as mothers spend more time in childcare than fathers,
- policies that encourage participation are effective, although the effect is dampened down if there is trade-off in the policy objectives. Policies that encourage participation at older ages are particularly important,
- in Spain, the presence of women in leadership positions is still extremely low.

References in *Boletín Económico del BdE*, 9, 109-118.

THANKS FOR YOUR ATTENTION