

Managers' gender norms and the gender gap

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Abstract

Do managers' gender attitudes shape gender-gaps within firms? To answer this question, we build on sociological work showing that a child's gender influences parental attitudes towards women, and we extend it to the context of human resource management. Using social-security data from Denmark on the population of establishments and managers, we show that in establishments where managers parent an additional daughter labor market outcomes of female employees improve. This result is driven only by male managers and it is stronger for those who are also owners of the establishments. Further, it holds both cross-sectionally and when we exploit birth events within manager-establishment spells. In particular, we find that the female share of the firm wage bill increases by 1.3 percentage points following the birth of a daughter, as opposed to a son. The estimated effect on the female wage bill share is explained both by a rise in the female employment share - in turn driven by a higher propensity to hire women - and an increase in female wages. Our next step is to test the effect of this exogenous improvement in female labor market outcomes - induced by fathering more daughters - on firm performance.

Introduction

Women are still confronted with **unequal economic opportunities**:

- Gender gaps in **wages** persist in upper-level positions (Blau and Kahn, 2016; Goldin, 2014)
- Women are **promoted** at lower rates than their male counterparts (Azmat and Ferrer, 2017)
- Women receive fewer **chances** to show their ability (Sarsons, 2017)

Managers are responsible for the determination of the above corporate practices. If the way in which they evaluate their employees has a gender component, then their actions could influence the gender gap in the firm.

Research Question and Contribution

Do managers' gender attitudes affect labor market outcomes of their female employees?

By answering this question, we contribute to the literature studying:

1. What is the impact of gender norms on the gender gap in economic outcomes?

- Adherence to gender roles explains women LF participation (Fortin, 2005; Bertrand et al., 2015); division of domestic work and marriage formation within the household (Fernandez and Fogli, 2009)

⇒ We add to this lit. by looking at gender-norms held by men outside the household and within the firm

2. What is the impact of managers' gender norms on firm performance? [To be done]

- Firms with preferences for discrimination forgo future profits (Becker 1957, 1971)
- While literature on gender discrimination is abundant, evidence on the mechanisms at work is scant

⇒ With our data we can both study the consequences of discrimination on firm performance as well as investigate the drivers of discrimination at the individual level

3. What are the foundations of gender norms?

- Parental characteristics (Olivetti et al, 2016; Fernandez et al, 2004); culture (Fernandez and Fogli, 2009)
- Fathers of daughters are more likely to disagree with the statement that "husband should earn and wife stay at home" (Borrell-Porta et al. (2018)) ⇒ Fathers of daughters hold less traditional gender roles

⇒ By focusing on managers, we can test importance of gender norms - proxied by fathering daughters - on actual LM outcomes rather than on self-reported attitudes

Why Child's Gender Should Matter? Expanding the Female Socialisation Hypothesis

1. **Sociologists** found that parents with daughters have more egalitarian views and that they show greater support for policies addressing gender inequality (Warner and Steel (1999))

- Results stronger for **fathers**: having a daughter makes men more aware of gender biases
"Men may see gender equity as a more "personal" issue when it has the potential to affect their children"

2. In **economics**, the female socialisation hypothesis (FSH) has been shown to influence:

- **Political outcomes**: propensity of male members of US Congress to vote liberally on bills regarding women's issues (Washington, 2008)
- **Corporate outcomes**: CSR spending (Cronqvist and Yu, 2017), gender diversity in VC (Gompers, 2017)

Contribution with respect to the literature:

- ⇒ Focus on relevance of FSH for the gender-gap in the universe of firms, allowing for heterogeneous effects
- ⇒ Methodological improvements: tighter identification strategy thanks to panel data (exploit births)
- ⇒ Test the effect on an exogenous improvement in female labor market outcomes within the firm - induced by the manager fathering more daughters - on firm performance

Empirical Approach and Data

1. Given the decision of having a child, the gender is exogenous: natural-experiment setting ⇒ Exploit variation **across-establishments** in the number of manager's daughters

Compare 2 managers with same N of children to estimate impact of parenting one additional daughter vs son ⇒ Difference in outcomes between the 2 managers yields an estimate of the relative daughter effect (β)

$$Y_{et} = \alpha + \beta N Daught_{et} + \gamma_{et} + \delta_1 W_{et} + \delta_2 M_{et} + \varphi LSize_{et} + \eta_t + \varepsilon_{et}$$

Y_{et} : outcomes at the establishment level e:

(i) Female share of tot wage bill $WB_{et}^f / (WB_{et}^f + WB_{et}^m)$; (ii) Female employment share $N_{et}^f / (N_{et}^f + N_{et}^m)$

γ_{et} : set of FE for total number of children

W_{et} : avg employees charact (age, years of education, experience, tenure, %FT, %married, %children)

M_{et} : manager characteristics (age, experience, years of education, tenure)

2. Concern: Endogenous sorting of managers ⇒ Exploit variation **within establishment** in number of daughters given by births to managers adding FE for manager-establishment match (χ_{me})

Compare 2 managers with the same N of children both experiencing a birth (one daughter vs one son) ⇒ Difference in the outcomes before and after the birth between the 2 managers yields an estimate of the relative daughter effect (β)

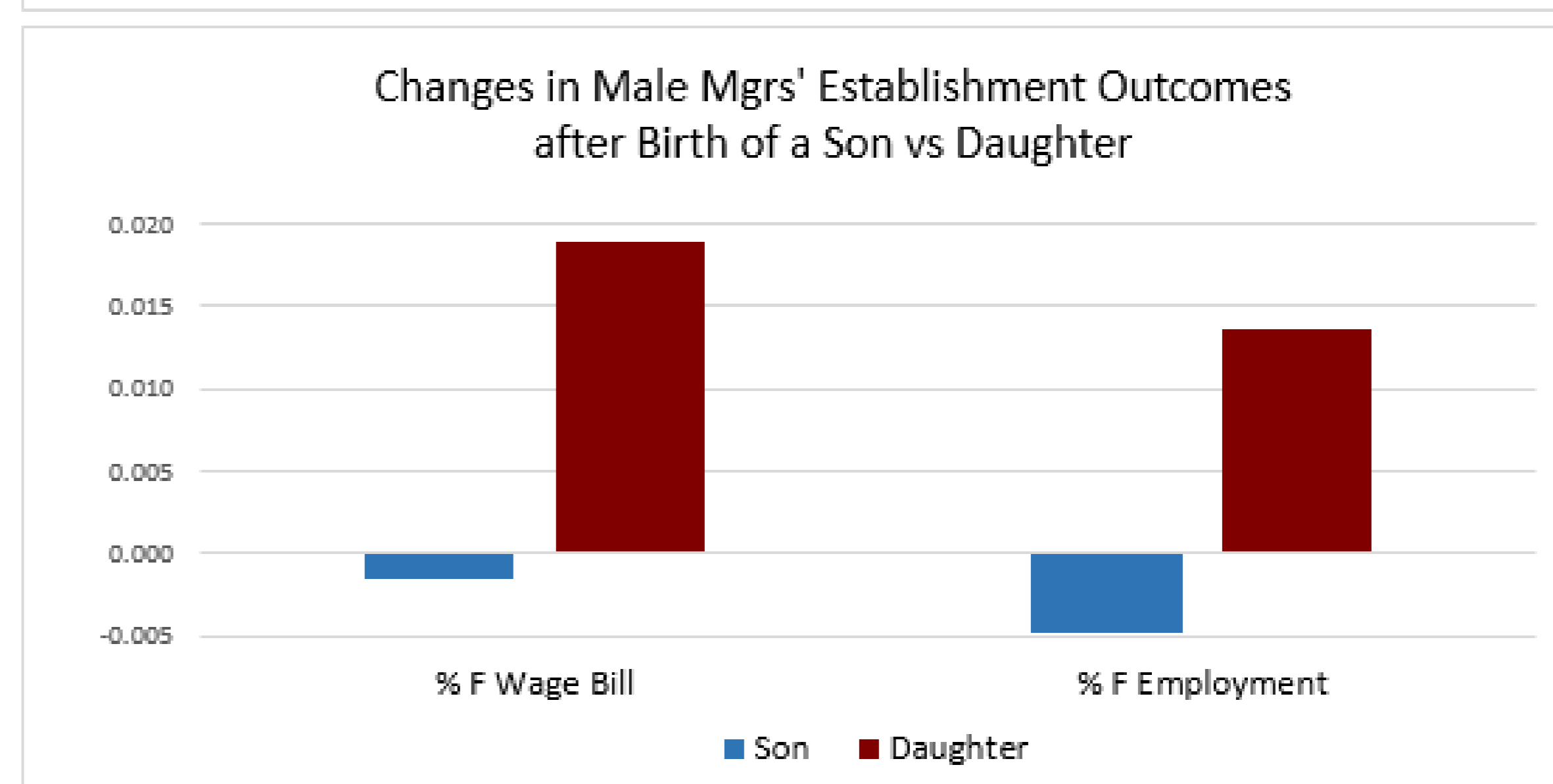
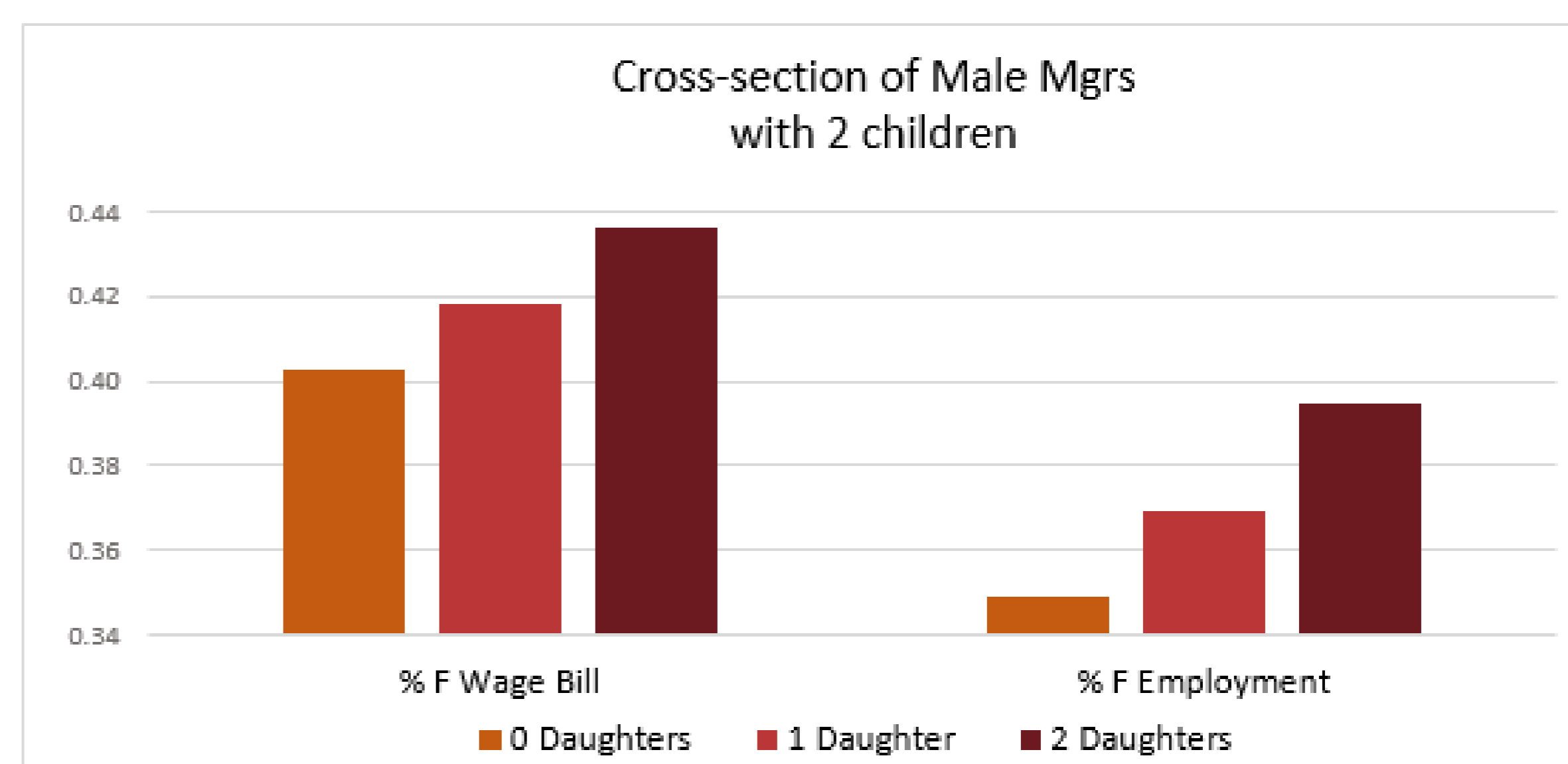
$$Y_{et} = \alpha + \beta N Daught_{et} + \gamma_{et} + \delta_1 W_{et} + \delta_2 M_{et} + \varphi LSize_{et} + \eta_t + \chi_{me} + \varepsilon_{et}$$

Sample

Effect is estimated using Denmark's Integrated Database for Labor Market Research (**IDA**):

- Employer-employee data set on the universe of establishments and workers in Denmark from 1992-2011
 - To ensure mgr is the decision maker select 75,818 single-manager establishments (72% of estab-year observ, 33% of employees ⇒ small: avg 13 employees)
 - We have 84,377 distinct mgr-establishment spells
- Longitudinal information about the family composition of all managers
 - Managers identified based on occupational codes
 - In 82% of our mgr-establishment spells we observe MALE mgrs
 - 89% of mgrs have at least one child, median number of children is 2
 - Approx 9,000 births events

Results



Female Share of Total Wage Bill

	(1) % F Wage Bill	(2) % F Wage Bill	(3) % F Wage Bill
N Daughters	0.0127*** (0.00165)	0.0124*** (0.00461)	0.0126*** (0.00459)
N Children FE	YES	YES	YES
Year FE	YES	YES	YES
Mgr-Estab FE		YES	YES
Employees' Controls	YES		YES
Mgr's Controls	YES		YES
Lagged Estab Size	YES		YES
Observations	334,291	334,291	334,291
R-squared	0.123	0.818	0.821
Mean of Outcome Var = 0.42			

- **OLS**: Condit. on the N of children, each additional daughter parented increases the % F wage bill by 3%

- **FE**: Same effect when we exploit birth of a daughter, as opposed to birth of a son

Share of Female Employment - Hirings and Separations

	(1) % F Employment	(2) F Hired / Tot Hired	(3) F Dismissed / Tot Dismissed
N Daughters	0.00810** (0.00385)	0.0157*** (0.00595)	0.00380 (0.00626)
N Children FE	YES	YES	YES
Year FE	YES	YES	YES
Mgr-Estab FE	YES	YES	YES
Employees' Controls	YES	YES	YES
Mgr's Controls	YES	YES	YES
Lagged Estab Size	YES	YES	YES
Observations	334,291	239,223	240,224
R-squared	0.886	0.640	0.643
Mean of Outcome Var	0.37	0.35	0.35

- **FE**: Birth of a daughter, as opposed to birth of a son, associated with an increase in % F employment by 2%

- Positive effect on female employment due to a 4.5% higher likelihood of hiring a female workers - conditional on hiring - and to absence of an effect on separations

- Increase in % F wage bill explained by an increase in both F employment and in F average wages

Conclusions and Further Research

This research shows that gender attitudes of male managers matter for female labor outcomes. In particular, fathering more daughters increases both the share of female earnings and the share of female employment at the establishment level.

⇒ **Next:**

- Investigate changes in female workforce composition (wages, education, occupation etc)
- Investigate if changes in remuneration/workforce composition caused by the birth of a daughter affect firm performance
- Extend it to multi-manager firms and look at heterogeneous effects by firm type