

Employment rate:

In all countries the green bar is always smaller than the blue bar. There are countries where the difference is huge between men and women. The blue bar is for the male, while the green is below 50%. For 2020, in the European countries the target established is 75% for female. It's a way to underline that it is necessary to drive on the gap → 75% of employment for both men and women.

Now the idea is that we can have the same target for male and women and put them on the same grade.

Gender wage gaps: explain by the fact that men and women have different positions in the labour market

The difference in wages of men and women. They are paid differently on the labour market. It shows how much women earn against men. Is very different across the countries. The average paid of women is lower than the average paid of men and it depends also because they do different jobs. Typically, women have a lower position respect men. Even if they start from the same level of education, women are paid less. Regularly men occupied positions that gave them higher wages.

We are comparing average wage of men and of women, but we have to consider that lots of women don't work, they're not in the picture because there are no wages to include. It's much easier to find a woman that doesn't work in fact of a man. Those who work are those who earn more. The average wage is higher than the average wages of men if we consider only the women who work (there is a selection of the women because lots of them don't work).

What would be this pay gap in the situation in which the distribution of jobs between men and women is the same? It's necessary to recalculate the gap considering much more women
Italy: 6% → is not a good comparison (we have excluded lots of women population that doesn't work)

Part time jobs

Part time work:

- More women. Lower wages
- Help balance work family, better work arrangement, when there are children
- Increasing trends, but sometimes involuntary (women who would love to work more, but they can't → in many cases they are forced to work part time)
- Drawbacks: lower hourly earnings, fewer training and promotions, less job security, reduced pension entitlements
- Temporary, not permanent solutions

Flexible work arrangements → different from part time. There isn't a reduction of wages but permitted to have more free time.

Most of the problems that we see in the labour market is that men and women work different number of hours at work: extra hours per week spent by women on unpaid duties around the home compared to men (Italy: 21 hours against Denmark: 3 hours)

Intrahousehold bargaining power leads to an unbalanced equilibrium

- All over the world men play a larger role in decision making than women
- The division of labor within the family is unbalanced
- Firms expect women to quit earlier, to put less effort, to dedicate more time to domestic work (and similar). These expectations are founded on the evidence
- Thus, they rationally pay women less than men and do not promote them
- The lower wage reduces the opportunity cost for women to work at home
- The initial expectations self-fulfill

What happens on the family has consequences of what happens on the labor market

Careers

We started with low percent in many countries but now we have an increasing of the percent. Now we have more women on boards: many countries have done specific law and regulation to increase this percentage.

Italy: from 1934 to 2018 → slower evolution until 2011 when gender quotas increase. Now we have a huge increase of women on boards. It's not equality but it's a huge increasing. It's important to underline the policies that are implemented to increase.

Motherhood penalty

When women become mother, they are penalized by the labor market. Motherhood penalty is a fact in every country. For men nothing happens after they have a child, for women the wages decrease. The birth of a child penalized the women on the labor market.

In some countries it's easier to go back to the labor market, but the motherhood penalty is something very common. Men are not penalized. For women it's a real shock.

Fertility rates

In many cases we have low fertility rate because women want to work, because there is a penalty, so they decide to reduce the number of children.

False myth: there is not a tradeoff between fertility rate and female employment

In countries where the opportunity cost is higher, also fertility rate is higher. Where women work more, they have more children.

THE FERTILITY RATE IS LOWER IN COUNTRIES WHERE WOMEN DON'T WORK → the contest help with policies

*It's very difficult to have a child in family where one person doesn't work

In north of Italy the female employment is higher than the south of Italy. The fertility rate in the south of Italy is today lower than the fertility rate in north, even if the policies are more or less the same.

The role of fathers

- A more balanced allocation of household chores and childcare within the couple has a positive impact on fertility and maternal employment
- Women choose a more collaborative partners because they have high fertility intentions and men who are collaborative because they want another child or they want their partner to work.

Determinants of Gender pension gap

- Demographic factors
- Labor market differences
- Care responsibilities
- Pension policy and entitlement rules
- Pension system characteristics

The glass ceiling: is very difficult for me passed this ceiling and have best position

- Education/training? Difference in human capital accumulation
- Productivity in term of motherhood
- Technology
- Market opportunities
- Preferences of women, family, firms: gender culture
- Interaction of the within household division of labor and firm's behavior
- The selection and promotion process
- Taste discrimination, statistical discrimination
- Institutions
- The role of family policies

Have the gender gaps been closed?

- 97% of the gap in health
- 96% of the gap in education
- Only 58% of the gap in economic outcomes
- Only 25% of the gap in political outcomes

Lesson 3

Men and women are different, and we have to established what are the differences.

Gender differences in psychological attributes

- Risk attitudes
 - Risk preferences are an important determinant of earnings
 - Experimental finding: women are more risk averse than men
 - Men are more overconfident than women
 - The Lehman sister hypothesis: what if Lehman brother had been Lehman sisters? → remember that women are more risk averse than men
- Attitudes towards competition
 - Women are under represented in high earning occupation because
 - these are highly competitive settings
 - women under perform relative to men in competitive environments
 - women prefer to stay away from these environments
 - Women shy away from competition especially in mixed sex contexts

Experiment 1

2 possible compensation schemes

- If you are the best, you will receive a compensation
- A piece rate scheme: fix prize for each

When compensation is based on competition: men perform better

The difference appears only in the competitor settings because they don't like competition. When women compete with other women there are no differences

Experiment 2

Groups of 2 men and 2 women have to solve a series of addition

At the end of each round people are informed about their performance but not about the other people's performance. At the 3rd round they had to choose what type of compensation they want. Even when women perform very well they think that they're not good enough, and they don't choose the tournament. Men have much more self-confidence about their capacity. At the end this is inefficient.

Labour market: supposed that we have to candidate for a top position and you need to address ten requirements → women with 9 out of ten will not present their candidature. While men that satisfied only 5 requirements they will candidate themselves.

Many companies think that a woman who presented herself is aggressive (it's a stereotype?)

- Social preferences
 - Women are more "socially minded" than men (more women are in sectors where caring is important for example)
 - They are more altruistic (if everybody is altruistic is also positive for me)
 - They are more left wing
 - They contribute more to public goods
 - Women prefer redistribution because they are more likely to be the beneficiaries of it, due to their lower earnings
- Attitudes towards negotiation
 - Gender gaps in negotiation performance (generally women don't ask for a better earning)
 - If women negotiate for someone else as opposed to for themselves their performance in negotiation increases
 - Women who initiate a negotiation receive systematically worse evaluation from male evaluators than men that initiate negotiations
 - Self-promotion in a masculine environment is not beneficial for women
 - Women are less inclined to negotiate than men in the presence of male evaluator
- Other personality traits (original or implicated by the context? → it's difficult to know)
 - Gender differences in the big five traits of personality
 - Agreeableness and neuroticism
 - Returns are different for men and women
- Gender composition teams
 - Best performance of a team is obtained by a mixed team (diversity is the key)

Nature or nurture?

- Biological differences: physical strength and maternity

- Do more subtle gender differences (preferences, personality traits) depend on biological roots (nature) or environmental influences (nurture)? BOTH
- Nature: evolutionary biology or psychology
- Nurture: the role of the parents, teachers, peers who treats boys and girls differently from
- Probably both
- Policy implications:
 - If nature: we need affirmative action policies
 - If nurture: educational policies

Experiment nurture

In a sample of English 15 years olds gender differences depend on whether girls have attended a single sex school or mixed gender school

- Single sex: risk attitudes of girls is similar to that of boys
- Mixed gender: girls are more risk averse

Probably the nurture is important because otherwise we should find the same in the two groups.

Experiment nature

- Differences in brain structure and the exposure to sex hormones
- Testosterone levels predict behavioural outcomes: more competition, dominance, gambling, alcohol consumption, financial risk, entrepreneurship
- Level of testosterone is measured by the ratio of second to fourth digit or saliva

Gender identity

- The concept of identity is important
- A clear view about how people that belong to that category should behave
- The identity it's suggest that people have an expectation on your behaviour based on the category in which you are part in

Lessons 4

There is no one single factor that explain the gaps, but lots of factors: one of this is history and culture

The quiet revolution

- Women's increased involvement in the economy was the most significant change in labour market during the past century
- Several phases: first evolutionary and revolutionary (but quiet). The market change and many people suggest that one of the forces behind this revolution is related to the war
- Evolutionary phases: important changes driven by the demand for female office workers, "nice" jobs available, more women educated, changes in household production technology

Three major concepts

- "horizon": at the time of human capital investment a woman perceives that her lifetime labour force involvement will be long and continuous or intermittent and brief. In phases

where we are at the initially, the concept of horizon is something very short and intermittent.

- “identity”: a woman finds individually in her job, occupation, profession or career
- “decision making”: labour force decisions are made fully jointly, if a woman is married or in a long-term relationship, or, on the other hand, the woman is a “secondary worker” who optimizes her time allocation by taking her husband’s labour market decisions as given to her

We can talk about different historical revolution using these three concepts.

The revolution

From evolution to revolution: changes in horizon, identity and decision making

- From static decision making, with limited or intermittent horizon, to dynamic decision making, with long term horizons
- From agents who work because they and their families “need the money” to those who are employed, at least in part, because occupation and employment define one’s fundamental identity and societal worth.
- From “jobs” to “careers”. Career is a part of your identity, of your personality.
- From the formation of identity after marriage to before the marriage
- From women passive actors, who take the income and time allocation of other members as given, to active participants who bargain in the household and the labour market

Understanding the revolution

- Increase in participation to the labour market and number of hours worked by women, but not only
- Expanded horizon: women more accurately anticipated their future work lives. They invest in education more than men, they plan careers
- Identities: women marry later and form their identities before. The role of contraceptive innovation and the increase of divorce
- Occupation and earnings: lower gender gaps and new occupation

The enfranchisement of women

In New Zealand women had the right to vote at the end of 1800, then Australia, Finland and Sweden. Italy only in 1946. In Switzerland women voted only in 1971. Men tried to block women to participate because of direct democracy than the other countries: direct democracy means that with more people the results will be not predicted.

The consequences for policies: the right to vote has an impact on the evolution of the welfare state.

Men and women have different preferences as voters?

- Better democracy: women vote more for the left than the men

Men and women have different preferences as policy makers?

- Total expenditures
- The allocation of public spending

Women and women as voters

- The enfranchisement of women may have a positive impact in public expenditure, especially when the divorce rate is high:
 - It increases demand for education, health and welfare
 - Especially in societies with a more advanced family culture
- Evidence of a political gender gap:
 - Women are more left wing
 - Parental daughtering
- More women at work may imply public expenditure

The present of women improve the welfare state but it's very difficult to prove. More women mean more welfare or public spending. Otherwise, to say that they are related in a causal way we need more dates.

Women and men as policymakers

There is some evidence on developing countries, especially India

- Women allocate more resources to projects which support female needs, such as investments in fresh water (Chattopadhyay and Duflo, 2004)
- Women spend more in education (Duflo and Topalova, 2004)

More women *policy makers* may imply more public policies in favor of women

- They care more about health, education and welfare (Clots-Figueras)
- The composition of public expenditure changes, rather than the total size (Funk and Gathmann, 2008).

However:

- The context matters
- Not all studies find the same result: for the US only marginal effects (Rehavi, 2007)

Quality of the policymakers

- Women may increase the quality of institutions
- Important for role models: the reduction of gender stereotypes
- Women in politics tend to be more concrete, responsible and more cooperative

The historical origins of gender gaps

Women and the plough (Alesina, Giuliano, Nunn): The participation of women in agriculture and the role of women in society in the pre- industrial period were different across ethnicities and strongly related to the type of agricultural technology adopted historically. It depends on the agricultural practices.

- Shifting cultivation: the majority of agricultural work was done by women
- Plough (aratro) cultivation: a system mostly dominated by men, since the plough requires body strength. Men are specialized in physical strength.

This translates into a social norm and determines culture: The descendants of societies that traditionally practiced plough agriculture today have less equal gender norms, measured using reported gender-role attitudes.

Historical plough use has a persistent effect on female labour force participation and fertility today, female participation in politics and entrepreneurial activities.

→ the plough is significant, and it played an important role

From historical determinants to gender culture

- Specialization based on the notion of comparative advantage:
 - If there are constant returns to work on family and on the market, a slight natural advantage delivers full specialization: if the market on the job requires physical strength it is efficient that the men will do it
 - But, technological innovations have reduced the male comparative advantage on the market: few jobs which required physical strength
 - The comparative advantage of women in domestic work and child care are also reduced
- It may be that they translate into gender culture

Gender culture

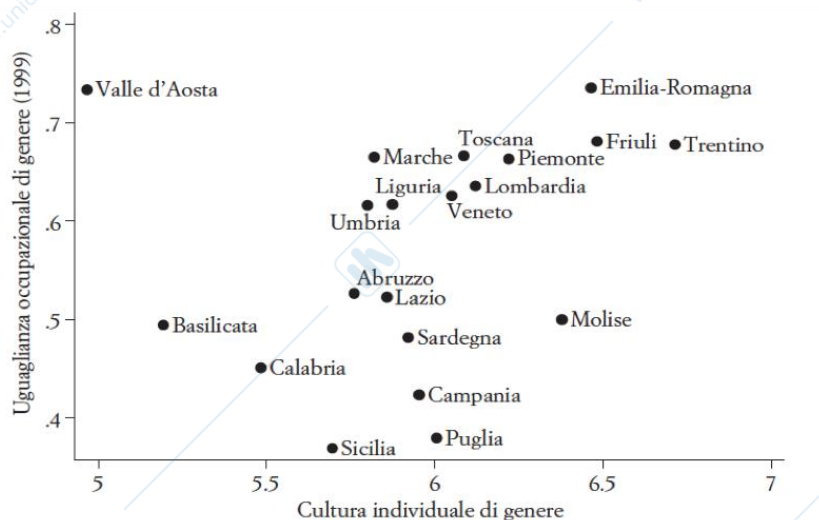
Gender culture captures the view of women's and men's role in society, on their responsibilities in the family contexts, on their position in the labour market and the social evaluation attached to these positions. Gender stereotypes are well established both among men and among women.

Gender identity and social norms

- Transmission of culture
 - From mothers to daughter
 - Is the mother in law working?
 - Parenting daughters
- Gender culture as a determinant of gender gaps in employment
- Endogeneity problems are crucial:
 - Reverse causality
 - Omitted variable

The role of gender culture

- Part of the differences in gender equality in employment across Italian regions may be explained by culture, of individual and firms
- Local context matters
- Not only individuals' culture, but also firms' views about hiring and promoting men and women



Gender gaps in Italy can be explained by culture and also firms. Local contexts influenced the gender gaps.

Implications

- If an adverse gender culture translates into low female employment
 - Waste of female talents
 - Firms lose opportunities of qualified workers
 - Firms lose important inputs
 - As a result, they risk losing economic outcomes (like profits)
- But culture is persistent, what can we do?
 - Soft versus to hard policies
 - There is no magic recipe

A kind of soft action not really strong doesn't have any results and impact because of the culture resistance.

The culture matters but don't explain the entire problems. Policies evaluation exercise are very important in this context.

Lessons 5: Discrimination and selection

Gender differences in the labour market

- Characteristics: human capital, experience, type of occupation etc.
- "compensating differentials": men and women like different type of job, with different conditions. If men are engaged in jobs which are considered more unpleasant, this may determine wage gender gaps
- Laws and institutional settings
- yet there is an unexplained residual → always something that is unexplained about the gender gaps → there are still something not explained, and this is the discrimination

Discrimination

- different treatments to women and men even when their relevant work characteristics (education, experience, ability) are identical

- different form of discriminations:
 - taste discrimination: employers discriminate against women because there are prejudices against women. These can persist only in absence of competition in the labour market
 - statistical discrimination: when people do not have full information about and individual's relevant work characteristics and use group average as a substitute (*)
 - screening discrimination: discrimination that applies when you select people

*if you are a woman, I will be attached to you the average characteristics of your group: women spend more time at home with children, have maternity and so far, and so on.

Graphic one: no discrimination and perfect competition in the labour market. For every value of wage there is an equilibrium. The wage is the same for men and women, they are perfect substitutes

Graphic two: the employers have a taste for discrimination, how much he dislikes hiring the woman. A woman cost much more than a man because the market doesn't like them. In fact, because of discrimination, the labour supply of woman shifts to the left. For every type of wage woman receive less in order to be hiring.

The woman receives less but the effective cost is higher. The salary of the equilibrium is higher, but the woman receives less. The women offer less label than before, while offers more label the before.

The effects of discrimination will disappear in the long run:

- If firms use different proportions of men and women, their marginal costs will differ: High-cost firms use more men, low-cost firms use only women. *It is costly to use taste discrimination (reduce profits)!!*
- Long run: High cost firms will exit, and low-cost firms will entry
- Thus, the wage gap between male and female will disappear.

Statistical discrimination

- People do not have full information about individual's relevant work characteristics and use group average as a substitute
- Two people may be identical in any economic aspects which is relevant to performance. But this is unknown to employers, who will use as a cue some characteristics, such as race or sex, on which to base their decision
- Employers use statistical rather than individual information
- There will be errors in assessing individuals, but on average they will cancel out and decision will be "correct"

Example 2: in this case not discriminate is a cost

Mechanism

- Firms expect women to quit earlier, to put less effort, to dedicate more time to domestic work and similar. These expectation are founded on the evidence
- Intrahousehold equilibrium plays a crucial role
- Thus, they rationally pay women less than men and do not promote the

- The lower wage reduces the opportunity cost for women to work at home
- Adverse selection

Selection

- The selection process is typically not neutral
- Individuals prefer other people that are similar: homophily
 - If work environments are highly sex segregated, women have limited access or are excluded from organizational networks, which may contribute to career advancements (because they help disseminating information, forming alliances, etc)
- Even in absence of a clear preference for people of the same sex, a "screening discrimination" may occur, as it is in general easier for individuals to screen people of similar background. It is easier to judge job applicants' unknown qualities better when candidates belong to the same group.
- This different evaluation may be justified by differences in language, communication styles and perceptions which make it easier for a person of the same group (f.i. gender) to evaluate personal skills and attitudes.
- Unconscious bias?

Evidence of non-gender neutrality in selection process

Do the characteristic and sex of the evaluators matter for candidate's success?

- Lavy (2008): comparing data on blind and non-blind scores that high school receive in matriculations exams in their senior year in Israel, he finds
- Goldin and Rouse find that moving from blind auditions in major American Orchestras, where the sex of the musicians cannot be observed by the evaluators, increases the likelihood that females advance in the hiring process and that they are finally hired. The selection process was not neutral.
- Selection of CVs
 - Anders, Steinpreis and Ritzke (1999) examined factors that influence evaluators when reviewing curricula vitae, particularly with respect to the gender of the name on the CV in the field of academic psychology. Their findings indicate that both male and female evaluators have a gender bias in preference for male job applicants, although "an exclusively between-groups design was used to avoid sparking gender-conscious responding."
 - Both sexes were more likely to vote to hire a male job applicant than a female job applicant with an identical record; both sexes also reported that the male job applicant had done adequate teaching, research, and service experience compared to the female job applicant, who had an identical record

Homosexuality

- With an experiment, they find a discrimination in the hiring process. Gays are discriminated in typically male dominated occupations and lesbian in female dominated ones. A heterosexual female candidate receives 22% more response from employers than a lesbian. Heterosexual male receive 14% more response from employers than a gay.

Physical appearance

- Different treatments by the employers toward the obese (the obese penalty)
- Experiments: subjects are asked to make hiring decision about hypothetical employees where the only difference is the weight.
- Differences emerge in compensation, placement, promotion. Clear effects for women: wage penalty, higher probability of long-term unemployment
- To overcome the problem of employers not necessarily expressing their true attitudes, researches use "correspondence testing": send 2 equal applications with the only difference being the picture, one obese and the other normal weight → different number of call-backs for a job interview: 6 less for obese men and 8 less for women

Beauty

- Physical attractiveness is associated with better labour market outcomes
- Wage penalty: unattractive people earn 5 to 10% less than average looking people
- However, what is the casual impact? Selection (also personality traits are associated with beauty) or reverse causality from income to attractiveness may apply
- Experiments: Again fictitious résumés of equal quality attached to fictitious faces of different attractiveness submitted to real job openings. Count the call-backs: attractive people receive 36% more callbacks than unattractive (Lopez Boo et al., 2012). Attractive people are contacted sooner.

Lessons 6: family policies

When we talk about family policies we can refer to several types of policies: several types of leave (maternity, paternity and parental leave), fiscal policies, pension design, child care

Maternity leave is a policy which is easy reality in almost of the country. Maternity is a period exclusive to the mother typically paid. The paid is variable but typically is paid 8%. It consists in a period for the mother and the period is divide in before the birth and after the birth. There is a large variability in each country. In Italy the period is 5 months and traditionally was organized in 2 months before and 3 months after: today is more flexible.

There are differences if you take the period after or before related to the labour market of course. It is not exactly clear what is better between after end before (good for the mother). The period can be mandatory or not mandatory. Maternity is protected by this period of leave.

Paternity leave is the period for the father. It is exclusive for the father. It can be mandatory or not mandatory and is paid like the maternity leave. The difference is in the number of weeks: from 2/3 days until a month. In some country don't exist and other country have introduced recently this period. The idea is theta the father has the right to stay at home after the birth because the child is not only responsibilities of the mother, we want to the share responsibilities between father and mother. Father enjoy less paternity leave of mother. It is exclusive to the father and totally paid.

Parental leave a period to the mother of the father, based on their choice. Typically only partially paid. Since women earn less than men, it is more convenient that women take it rather men. In fact, it is more used by women than men. This is also related to stereotypes: stigma for fathers on leave.

Generosity of maternity leaves and female employment rate

There is no clear relationship between generosity of maternity leave and female employment rate. The generosity is measured on: length of the leave, substitution rate of the wage, period needed to have access.

Theoretical effects

Family policies:

- Support female labour supply if they allow women to remain in the labour market and reduce statistical discrimination
- They may negatively affect labour demand: employers reduce the demand for labour supply of mothers
- Effects on wages are expected to be negative (it depends on the relative elasticity of D and S) → heterogeneous effects
- They may backfire by reinforcing employers' beliefs and social norms in conservative gender roles

Cross country studies: results

- A non-monotonic relationship between the duration of parental leave and female outcomes (up to about one year)
 - Positive effects of short leaves, negative of long periods
- Positive effects of early childcare
- Employment and earning
 - Beneficial effects for the low skill more than for the high skill
- Weak identification

Micro level studies

- no strong connection between maternity leave and female labour force participation in the long run → parental leaves delay returns to work
- positive effects of subsidized child care on female employment
- positive effects of in-work benefits (tax credits to low income workers with children) on female labour supply. UK, US sizeable effects only for single mothers
- multiplier effects: peer effects, spill over, learning imitation. The impacts of the policy may be underestimated

Taxation

Suppose the woman is the secondary earner (she has to decide whether to work or not), which is often the case.

Individual based taxation is neutral versus female labor supply, but family based taxation disincentivizes female labor supply.

→ this is because labour income taxes are progressive, i.e. the average tax rate (the amount of income paid in taxes) increases with income. Suppose the man earns 100 euros and the woman has to decide whether to work or not. The first euro earned by the woman in the individual based taxation is taxed as the first euro of the man and thus with a low tax rate. In the family based taxation instead it is taxed as the 101st euro of the family, and thus with a much higher tax rate because the tax rate increases with income

Pension design

Pension design has an impact on pension gender gaps. Gender gaps in the labor market have and impacts on pension gender gaps.

Smart working

- flexible space (at home, at the library, park etc) and time of work, thanks to the progress of technology
- 1 day per week, 2 day per week in agreement with the employer
- The effects on the productivity is difficult to test but we can imagine a possible improvement
- Effects on well-being → clear improvement
- It is for men and women, but research shows that the benefits are more for women

Randomized experiment on a large Italian company with no previous form of smart working: treated workers work "smart" for 9 months, control workers continue to work traditionally.

Comparing treated and control we find:

- Increase productivity (objective measure and reported by worker/supervisor)
- Increase well being
- Better work life balance

Measures (questionnaires)

- Self-reported productivity and productivity reports by the supervisor:
 - Production: the capacity to achieve assigned goals
 - Efficiency: the capacity to achieve assigned goals in appropriate time
 - Pro activity: the capacity to take appreciated initiatives
 - Availability: in answering emails/work beyond the working time
 - Deadline: the capacity to respect deadlines
- Satisfaction with (on a scale from 1 to 7): income, health, home, work, social life, free time
- Ability to deal as usual (less or more) with: focus on, loss of sleep, feel having a useful role in work life, be able to take decision, be able to appreciate the daily activities in a regular day, feel under stress, feel unable to overcome difficulties
- Work life balance: satisfaction with working hours, feeling able to balance working life with personal and family life, time devoted to HH activities per day, time devoted to taking care of others

Lessons 7: child care

There is a positive relation between child care and female employment rate; ad also a positive relation between child care and the employment rate of mothers with a child less than 14-year-old.

The importance of early care: “good” inputs when the child is under the age of 3 have been shown to be very effective.

“A return to society of more than \$17 for every dollar invested in the early care and education program” → evaluation study on Perry preschool, an educational program targeted to children from disadvantages family background in the US.

Child care and children’s outcomes

- Early childhood is important for children’s future outcomes
- The relation among maternal times, use of formal child care and children’s outcomes is still debated
- Recent studies have shown that day care attendance may have positive effects on children’ educational outcomes. This is particularly true for children from disadvantages background
- Social mobility

Child care and women’s occupation

- Formal child care may have positive consequences for maternal employment
- The role of fathers
- Formal versus informal child care

Galasso, Profeta, Pronzato, Billari (2017)

- Gender stereotypes are well established among men as well as among women. Maternal employment and child care:
 - Women tend to see themselves as the better provider of care for their children, and thus refrain from delating child care
 - Women are skeptical about their chance of being successful both as mothers and in their working career
- A survey experiment: what are the consequences, if any, of changing the information set of women on a relevant policy such as formal child care?
 - The role of persuasive communication
 - Heterogeneous effects

Introduction

- Knowledge and information are important for the formation and transmission of gender and culture
- Culture and learning: as information about the effects of maternal employment on children development is revealed, female labor force participation begins to increase
- Information on the role of formal child care

Research questions

- Does the release of information on the benefits of childcare affect women’s perception on gender culture and gender roles?
- Would this newly acquired knowledge modify the use of child care, individual’s behavior and the use of informal care?
- Does the type of woman matter?
 - Having a university degree (or not)
 - Decision and information are not independent
 - Education as a moderating variable

Background 1	Background 2
<p>Knowledge and information are important channels through which gender roles and gender culture are formed and transmitted</p> <p>Gender stereotypes and unequal division of gender roles may depend on women lacking information in the consequences of their participation in the labor market, particularly on their children psychological and educational outcomes</p> <p>This information may be related to the use of institutions that facilitate women’ participation in the labor market, such as formal childcare for small children</p> <p>Recent studies have indeed shown that day care attendance has positive effects on children’ educational outcomes. Yet, most women may be unaware of these results</p> <p>Formal child care may have positive consequences for maternal employment</p>	<p>The role of information:</p> <ul style="list-style-type: none"> • Information and health behavior: eating habits, smoking, sexual risk behaviors • Information and opinions: capital punishment • Text messages may influence behavior, such as paying taxes, improving health behaviors, changes personal savings, increasing rates of voter turnout and stop smoking

The experiment

- Survey experiment: We interview a sample of 1,500 Italian women between 20 and 40 years old. The 1,500 women are randomly assigned to 3 groups
 - Group 1: “treated” with a text message, i.e. women in this group will see on screen a text message, which states the benefits of day-care attendance;
 - Groups 2: “treated” with a video-message, i.e. women will be shown a video featuring six months-to- three years old children doing activities at a day-care center, while a background voice reads the same message on the benefits of day-care attendance, as shown to the first group;
 - Group 3: not treated, does not receive any information.

- In this paper we consider only results for non-mothers

Information

- Information I: A study conducted on ten years old Germans shows that children who attended formal child care are more independent, socialize more with other children, and use a more appropriate language, when compared to children who stayed at home.
- Information II: A research on thirty years old Norwegians shows that those who attended formal child care have a higher probability of going to college, earn more, and have a lower probability to be on welfare.
- Information III: Also in Italy, thanks to data collected by the National Institute for the Evaluation of the Educational System, a positive effect of attending formal child care emerges. In second grade, children who attended formal child care have better results in Italian tests than others.

VIDEO

- The messages provide information on the role played by formal child care and contribute to make educational attainments a more salient quality of children for the potential mothers
- As the three groups are randomly selected, differences among opinions and attitudes of the three groups imply a causal relationship from knowledge to outcomes

Questions:

1. Before the treatments: background individual characteristics like age location, marital status, number and age of children, nationally, education and work activity
2. Women in the treatment group are asked whether they already knew the information, they agree and how much they liked it
3. The 3 groups are balanced in the individual observable characteristics
4. Representativeness: comparison with it silc 2008
5. 91% of women expects to have a baby in the future (68% in the next three years)

The effects of the treatment (video/text) on:

1. Use of child care: potential future use of formal child care and willingness to pay
2. Labor market participation: desired work status and desired hours of work
3. Informal care: grandparents should look after grandchildren

Comment

Puzzling result: why are women willing to use more (and pay more for) formal child care, if they intend to work less and thus to stay more at home?

Women's decisions differ across education: monetary incentives, information and identity

Main results

- Low educated women reduce working intentions both at the intensive and the extensive margin
- High educated increase use of child care and willingness to pay
- Reduction of the use of grandparents

Robustness

- We investigate other possible heterogeneities:
 - Different convenience (work)
 - Different comprehension/ attitude towards results from scientific research (reading newspapers)
 - Different cultural environment and beliefs (religiosity, political ideas, living in southern Italy)
 - Different timing and life circumstances (age, being in a couple)
- Women are partitioned into two groups along all other observable characteristics but education
- Women's responses to our treatment do not systematically differ along any other observable dimension, besides education

Theoretical channels

2 possible mechanisms:

- Difference in labor ability across women, which translates into different education attainments and thus wages (monetary incentives)
- Difference in preference for maternal care (identity): "career oriented" and "maternal oriented" types

Conclusions

- The role of information on the effects of maternal employment in influencing female labor force participation.
- A survey experiment:
 - high educated women are convinced by the positive message to send their (future) children to formal child care and to pay more for it.
 - low educated women prefer to take on themselves the care of children, reduce willingness to work and working hours.
- Double transmission mechanism: Wages and maternal preferences
- Policy implications:
 - child care decisions depend on budgetary restrictions and on maternal identity
 - information is effective only when addressed to recipients with high education and good career opportunities
- General lesson: sending information through text messages is a cheap policy. If it is effective, this is good news.

Lessons 8

Testing the effects of women on firm's outcomes:

- Not an easy task: causality is different from correlation
- This is why:
 - Result are mixed and not unambiguous
 - Many analysis from non academic institutions are superficial and credible from a scientific point of view

- To identify causality we need an exogenous measure which increases gender equality independently from the considered outcome
- The introduction of gender quotas in specific contexts

Board gender quotas

- A controversial issue:
 - They are needed to achieve a gender balanced representation at the top of economic and political positions
 - They may have negative effects on the quality of representatives, performance, stock market

Norwegian experience: in 2003 a law was approved in Norway, mandating 40% representation of each gender on the board of publicly listed companies.

The evidence shows that:

- The gender quotas law has increased the number of women on boards up to the 40%
- No clear effects on reducing gender gaps overall
- Negative impact on the stock market
- Reduction in profits because fewer workers are fired

Other effects of female leadership in firms' outcomes outside the context of gender quotas:

- Diversity is beneficial
- Women take less risky decisions
- Non-conclusive result of women's empowerment and stock market prices

ITALY: comes after Norway in 2011

Questions

1. Are the composition of the boards and the characteristics of the members changing after the introduction of quotas?
2. Do firms' outcomes, such as economic performance and variability of stock market process change after the introduction of the gender quotas on board?
3. How does the stock market react to the announcement and introduction of board gender quotas?

General lessons

- More diversity is a value added for decision and future performance
- If quotas induce a better selection which improves the quality of the board → this will translate into future outcome
- In countries such as Italy, dominated by a male gerontocracy, board gender quotas become the opportunity for a renovation with a great potential → they are positively received by the market

ITALY

Italian context: high gender gap in the labour market, 47% female labor force participation rate and average share of women directors (7%).

Law 120/2011: gender quotas on boards of directors and statutory auditors for publicly listed companies, then extended to state owned companies.

→ Implemented in august 2012

(also sanctions if the law was not respected)

The data

We consider companies listed on the Italian stock exchange. The list is provided by consob:

- Individual data: socio demographic characteristics of the members of each board of listed Italian companies
- Firm data: economic and financial information of the companies
- Stock market data: daily closing prices

Individual data

If we consider a great number of CV we can obtain lots of characteristics of the people like their state of birth, gender, age, type of board, education, university.

The variables that we consider are:

- Women's empowerment: share of woman on boards, share of women exceeds 20%
- Education: level of education of each member, study abroad
- Age: % of board members older than 60 or 70 years old
- Family relationship: % of board members who belong to the company's owner family
- Multiple positions: average number of board positions held by each members

Firm data

- We use AIDA to collect information in outcomes of companies in the period 2010-2014
- We create a classification of industrial sectors
- The variables considered are: number of employees, profits, ROA, assets and long term and short-term debt

Stock market data

- Daily closing price for the year 2009-2015
- Also use data on Spanish companies listed on the Madrid stock exchange (as a control group)

Final dataset: panel of companies listed on the Milan stock exchange (information on individual data, firms' data and stock market data) and also the data of 135 Spanish companies as a control group

Step 1: selection

→ analyze the effects of gender quotas on individual characteristics of board members and then consider 2 cohorts of firms and compare them before and after the reform

Thanks to the law on gender quotas on board we have three results:

1. Higher average education
2. Lower age
3. No differences in family ties or multiple position

In particular:

→ after the quotas the new members are more educated than the others; we check for the time trend; quotas are blinding; no differences between small and large companies; no differences in different boards sub groups; quotas do not affect the size of boards

The effects on performance

- We assess the casual impact of women's empowerment on firms' outcomes using an IV identification strategy, using the reform as an instrumental variable
- Number of employees, assets, production, profits, roa
- Monthly standard deviation In the stock price for each firm

ITALY IS A PIONEER: WE NEED TO CONTINUE TO COLLECT DATA IN A UNIFORM AND COMPARABLE WAY TO RELAISE MORE RIGOROUS ANALYSIS

Lessons 9: Policies to promote female leadership and women in decision-making

Quality

Does having both men and women in decision-making increase the quality of representatives?

In politics:

- Women are highly educated and qualified
- Women are less corrupted, more responsible, less absent
- Men are better selected if the pool of candidates includes women
- All women have more incentives to compete if there is a balanced leadership
- Meritocracy

A new agenda

Does gender equality in decision making positions influence de agenda? Does it guarantee that some items (which have positive economic impact) are in the agenda?

- In public policies: evidence is limited and not unambiguous. Research mainly on developing countries like India shows:
 - Women leader take care of social issues, welfare, health and education more than men. They also care about women's need
 - They may change the allocation of spending

Two questions

1. How to break the glass ceiling?
2. How to test the effects of gender equality in decision making position?

→ gender quotas provide an answer to both questions

In politics: gender quotas in candidate list (lit)

- Effects on women's representation
 - They increase female empowerment, voter's turnout and quality of elected politicians
 - They are unsuccessful due to party gender discrimination

- Effects on policies
 - Unambiguous evidence on India on the effects of gender quotas on policy outcomes: preference for projects supporting female needs, higher provision of public goods, higher investments in water infrastructure and education
 - Indirect evidence of the role of female politicians on public policy from the context of direct democracy but no significant effects on policy outcome in US

Italy

We analyze the temporary adoption of gender quotas in municipal electors in Italy in 1993-1995 (neither sex could represent more than 2/3 of the total candidates lists)

Result: gender quotas have positive effects on the quality of the elected politician, measured by years of schooling

- More women elected: women are in average more educated
- Fewer low educated men elected

Experiment in Italy

We considered the 8100 municipalities with a mayor, a municipal council and an executive committee.

Italian law 1993:

- Direct elections of mayor and more power
- Gender quotas: Neither sex can represent more than 2/3 of the total number of candidates in electoral lists of municipal council

Set-up:

(gender quotas were abolished by the constitutional court in 1995; they were in force only for 2.5 years, but the election are every 5 years so not all municipalities were affected by the gender quotas law.

Treatment group: municipalities that voted with gender quotas system

Control group: municipalities that did not vote

The data: comes from the Italian ministry of interior

Assumption 1: in absence of reform the difference in the outcome between the treatment and the control group would have remained the same

Assumption 2: difference in timing of pre-reform and post reform elections in the treatment and the control group does not matter

RESULTS

→ The reform improved the quality of the elected politicians in municipal countries

→ the reform has no effects on female politicians' quality

→ the reform increased the male politicians' quality

Conclusion: GENDER QUOTAS ARE NOT PER SE DETRIMENTAL TO QUALITY, RATHER THE OPPOSITE

The role of electoral rules

Several studies have found that female political representation is higher in PR (proportional) than in MAJ (majority) because:

- Candidate characteristics: PR promote a balance and diverse ticket, MAJ the stronger
- Incumbency: fewer incumbents are reelected under PR
- District magnitude: PR have higher district magnitude
- Nomination procedures: in the PR the recruitment process is more centralized, less need to self-nomination

Experiment Profeta and Woodhouse

Experiment created to explore the role of the electoral system on female representation in Italy (in 2005 a reform changed the electoral system from one that have 75% majority and 25% proportional into one that is a fully proportional closed list system)

Treated group: national level politicians exposed to the 2005 reform of the electoral rule

Control group: sub national politicians not exposed to the change (nothing change from 1993 to 2014)

Analysis: 1994-2013

Aggregate regression and individual level

RESULTS:

→ after the change from majoritarian to the proportional there is a positive impact: the increasing of the women elected after the reform is higher than the women elected in the sub national

→ proportional system has a positive impact on the share of women

MORE WOMEN ELECTED IN THE PROPORTIONAL SYSTEM (thanks to different possibility that need more studies)