

Who specializes in growing sectors and does it pay off? The importance of gender ^{*}

Jennifer Graves[†]
Zoë Kuehn[‡]

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Abstract

We test whether specializing in a field of study whose related sectors are growing when individuals are making their specialization decisions matters for future labor market outcomes. To this end, we match data on individuals' specialization decisions in higher education from PIAAC (Programme for the International Assessment of Adult Competencies) with national statistics from eight high-income OECD countries on the growth in value added of related economic sectors. We find that individuals who choose fields of studies when related sectors are growing at the time of specialization later earn higher wages, report higher job satisfaction, are more likely to be working and to be working in related occupations. We then run estimation to determine who obtains such labor market benefits. First, we find that men are less likely than women to choose fields related to growing sectors. This, however, is driven entirely by men not choosing to specialize in traditionally female fields, even as such fields have been growing in recent decades (e.g. health, education). While, generally, traditionally female fields pay less than male fields, this is not the case for high growth female sectors, which we find to have earnings for males equal to traditionally male fields (and potentially higher job satisfaction). The reluctance on the part of men to specialize in growing female fields can therefore not be explained simply by lower wages in female fields. Our results suggest that gendered tendencies in specialization by sectors, paired with growth of sectors related to traditionally female fields could have contributed to narrowing gender wage gaps in recent decades.

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[†]jennifer.graves@uam.es · Universidad Autónoma de Madrid · Departamento de Hacienda Pública · Campus de Cantoblanco · 28049 Madrid · Spain.

[‡]zoe.kuehn@uam.es · Universidad Autónoma de Madrid · Departamento de Análisis Económico: Teoría Económica e Historia Económica · Campus de Cantoblanco · 28049 Madrid · Spain.