The Role of Individual Risk Attitude in Occupational Inheritance

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Abstract

We show that risk attitude plays a significant role in the occupational inheritance decision for maternal careers. This finding provides a possible explanation to the phenomenon seen in present literature where certain career groups experience higher rates of occupational inheritance than others. Our analysis highlights the importance of including risk attitude as a covariate in future occupational inheritance studies and provides more insight into the driving forces behind social mobility and labor composition.

1 Introduction

The transition into adulthood represents an important and rapidly changing phase for young Americans. Whereas in the 1960s the typical 21 year old had generally married and settled into a long term job, contemporary youth are not expected to do so until the their late twenties [1]. This extended period of emerging adulthood is not only a time of independent exploration, but also a time where parents still actively support their child and influence their career opportunities [14]. During this phase parents provide not only economic resources, but also social and cultural capital, with amounts varying substantially depending on on their willingness as well as available resources [1]. This lengthened period of emerging adulthood therefore enables an offspring's parents to exert a greater influence on their child's career choice when compared to half a century ago, and makes the study of occupational inheritance in America increasingly significant in the modern era.

Occupational inheritance (i.e., whether an offspring pursues the same career as his or her parents) has long been a subject of study in the field of labor economics due to its role

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in occupational mobility and labor composition. In the field of sociology, interest in intergenerational job transmission has been derived from the belief that it is the cornerstone of social standing and mobility, with claims that occupation is the "backbone" of the stratification system [8]. This paper attempts to introduce behavioral economics into existing analysis, as an offspring's personality may have strong effects on his or her job choice. With risk attitude being a critical component of personality that influences individual choice, we seek to explore the question: Do individuals choose to inherit occupations from their parents based off their risk tolerance levels?

Existing research on occupational inheritance has shown that an offspring's inheritance decision is influenced by his or her parent's occupation. For professionals in the middle class, professional family origins—defined by the father's occupation—helps facilitate a child's entry into the professional sector when compared with the managerial sector [4]. In the field of agriculture, Laband and Lentz [4] found that children of farmers are nearly five times more likely to become farmers themselves when compared to non-farm proprietors. Furthermore, differences between children whose parents had different occupations extend past initial job choice, with evidence suggesting that teacher graduates whose mothers were teachers are more likely to follow a stable teaching career than those with non-teacher parents [6]. Aside from innate ability, potential explanations for this phenomenon has been focused on exploring the varying degrees of social and cultural capital provided across households. Parents are thought to transfer class specific resources to their offspring and often "bring home" their jobs, enabling their children to learn occupation-specific skills, benefit from occupation-specific social networks, and notably, nurture occupation-specific tastes [8]. As an example, a son of chemists, through his parents, may be exposed to specific technical skills relevant to this line of work, nurtured to appreciate the composition of elements, find outside aid for chemistry related coursework, and take on lab experience through the help of his parents. Thus, the probability that the son decides to inherit the chemist profession is substantially higher than the probability of say, a stock trader's son.

However, parental influence extends beyond job-related social and cultural capital. Evidence from twin studies suggest that around half of variance in personality can be attributed to environmental factors, with the other half being genetic [12]. It is possible that due to occupation differences, the son of stock traders possess a different personality set than the son of chemists as the two individuals are exposed to different environments growing up. Perhaps listening to his parent's speculation on different investment assets has led the stock traders' son to become more open minded about testing unknown employment routes, while stories of laboratory disasters caused by lack of foresight or sloppy methodology has encouraged the chemists' son to be more wary in face of similar unknowns. On the genetic front, traders, who work in a more cyclical occupation than chemists, might more likely be risk takers and pass on these genes to their offspring, who ultimately will become risk takers with a higher probability. This paper aims to introduce individual personality into the occupational inheritance decision problem. Specifically, in behavioral economics the concept of risk aversion is an important personality trait that plays a major role in economic decision making. Perhaps in addition to cultural and social capital, the choice to pursue the same

careers as one's parents is a result of varied risk attitudes which were either inherited or developed while living in different household environments.

The effect of risk attitudes in the job market is also not an unexplored field: existing literature on job mobility shows that risk averse workers are less likely to switch jobs than those who are more risk tolerant [17], potentially leading to a more stable career path for the said risk averse individual. More importantly, an individual's risk preference influences his or her career choices: a higher level of risk aversion has been found to be associated with a higher likelihood of an individual pursuing a job in the public sector as opposed to private [3]. There is a lack of literature exploring whether risk attitudes also have an effect on the occupational inheritance decision in addition to career choice. This paper seeks to explore this relationship and add to existing literature by bridging the gap between studies of occupational inheritance and studies of risk aversion, with the hypothesis that less risk tolerant individuals are more likely to inherit his or her parent's careers compared to more risk tolerant workers.

2 Theory

To analyze the relationship between risk attitude and occupational inheritance, this paper will employ logit models. Logistic regression has been used by other papers exploring occupational inheritance to model the probability of pursing the same careers as one's parents [13] [4]. In short, the basic model is:

$$Pr(INHERIT{=}1) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 \times RISK)}} \tag{1}$$

where INHERIT is a binary with value 1 if an offspring has the same occupation as his or her parents, and 0 otherwise. RISK represents a continuous measure of risk tolerance derived from the sample data.

However as discussed previously, the inheritance decision can also be affected by other factors such as differing levels of social and cultural capital provided by each household. To control for these variables, Laband and Lentz included the following variables in their study of occupational inheritance in the agricultural sector [13]:

1. Parental schooling in years,
2. Whether father was foreign born,
3. Son schooling,
4. Job license requirement,
5. Whether son is in union,
6. Age of son,

7. Whether son is self employed,
8. Whether son is in clergy,
9. Innate ability of son,
10. U.S. Employment growth,
11. Whether son participated in training programs,
12. Son's belief of decision making power.

To analyze the rates of occupational inheritance within professional and managerial sectors in the middle class, Egerton used the following variables instead [4]:

1. Parental schooling in years,
2. Highest degree obtained,
3. Gender of offspring,
4. Son schooling in years,
5. Son Highest degree obtained,
6. Innate ability of son.

Egerton also restricted the age of offspring to 33. In addition, only the father's occupation is utilized for categorizing job inheritance, with the mother's occupation not considered.

Both papers incorporated gender and education (parent and offspring) as well as age (offspring only) in their examination of occupational inheritance. In similar fashion, these variables will be incorporated into our basic model- age and education levels will be covariates, and gender will be controlled by testing son-mother, son-father, daughter-mother, and daughter-father pairs individually. This is in line with Laband and Lentz, who studied son-father pairs and with Egerton, who studied son-father, daughter-father pairs. The choice set available to each individual is affected by his or her age, education and gender- older, higher educated respondents have greater work experience and learned skills that enable them a wider selection of occupations and as a result might influence the rate at which they inherit jobs. Likewise, gender also plays an important role here- female presence is often limited in male dominated occupations due to bias and unattractive career prospects [5]. It may not have been feasible for a young, uneducated woman to inherit her father's job as a stock trader regardless of her desire or risk attitude simply because the stock trader job is not within the choice set available to her.

Although innate ability is also used by both authors, such a metric is not present in the dataset being utilized for this study. Therefore, by incorporating into Eq. (1) all possible

controls common to Laband and Lentz's analysis of the agricultural sector and Egerton's analysis of the middle class, our model becomes:

$$Pr(INHERIT{=}1) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 \times RISK + \beta_2 \times AGE + \beta_3 \times EDUC + \beta_4 \times EDUP)}} \tag{2}$$

where RISK is the same as in Eq. (1), AGE is the age of child, EDUC the education level of child, and EDUP the education level of parent in question (either mother education for offspring-mother pairs or father education for offspring-father pairs). To facilitate testing the four offspring-parent pairs individually, INHERIT is transformed into two separate binary variables with one indicating whether a person has inherited the paternal occupation, and one indicating whether a person has inherited the maternal occupation.

However, previous discussions have also established the importance of social and cultural capital in the inheritance decision, with the amount varying depending on parental occupation. As the data used for this paper contains multiple types of occupation rather than say, only agriculture related ones, parental occupation should be included as another control. This implementation is reflected in Eq. (3) below:

$$Pr(INHERIT{=}1) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 \times RISK + \beta_2 \times AGE + \beta_3 \times EDUC + \beta_4 \times EDUP + \beta_5 \times OCCUP)}} \tag{3}$$

where OCCUP is the occupation of the parent (either father in offspring-father pairs or mother in offspring-mother pairs). The four offspring-parent pairs (son-mother, son-father, daughter-mother, and daughter-father) will be tested individually to control for gender. With the added control for social and cultural capital, Eq. (3) will serve as our model for studying the relationship between risk attitude and occupational inheritance.

In addition to above variables, current literature suggests that parenthood impacts career progression of women and sometimes induces them to choose either part time or family friendly jobs [9]. A woman may want to pursue the same occupation as her father, but would likely to constrained in her available job choices if she also has child rearing responsibilities. Similarly, men who are the primary child caretakers would experience the same difficulties. As the data used in this paper does not indicate who bears the brunt of child caring responsibilities, individuals in the offspring generation who have children themselves should be excluded from analysis. However, Egerton as well as Laband and Lentz did not control for parenthood status. In light of this, Eq. (3) will be first run for the entire sample, and then only for respondents who do not have children. Results will be compared to validate findings and gain new insight.

3 Data

Data is taken from the Panel Study of Income Dynamics (PSID), which is a dataset compiled by the University of Michigan containing economic, social, and health data for individuals and families in the United States. The data begins in 1968 and is reported in annual intervals until 1997, when it becomes biennial. In 1996, risk preference variables are present.

To measure risk attitudes, the 1996 questionnaire asked employed members of households a series of questions with varying degrees of risk. The module starts with the following question:

> *Suppose you had a job that guaranteed you income for life equal to your current, total income. And that job was (your/your family's) only source of income. Then you are given the opportunity to take a new, and equally good, job with a 50-50 chance that it will double your income and spending power. But there is a 50-50 chance that it will cut your income and spending power by a third. Would you take the new job?*

Depending on the individual's response, subsequent questions which either increased or decreased the level of risk were introduced. If an individual replied with a "yes" to the first question, the following is then asked:

> *Now, suppose the chances were 50-50 that the new job would double your (family) income, and 50-50 that it would cut it in half. Would you still take the new job?*

And, if an individual replied with a "no" to the first question:

> *Now, suppose the chances were 50-50 that the new job would double your (family) income, and 50-50 that it would cut it by 20 percent. Then, would you take the new job?*

This process was repeated one last time with jobs having either a 75 percent or 10 percent downside risk.

Using the above questions, a measure of individual risk attitude can be constructed. This paper utilizes the imputed log risk tolerance calculated by Kimball et al. [11]. This metric accounts for not only measurement error, but also status quo bias arising from the structure of the questions, which was a notable criticism of similar questions first asked in the Health and Retirement Survey in 1992 [2]. As the question endows individuals with a current job, respondents might be unwilling to switch due to associated costs and desire to preserve the status quo. In a similar sense, the endowment effect, which runs parallel to status quo bias [16], would produce a similar intuition, as it would be possible for respondents to attach additional value to their current given jobs and become more resistant change due to the now increased utility loss from losing said current job. The endowment effect has been seen in controlled experiments involving items of similar value and plays an influential role in the behavioral decision making process [15].

To construct the metric, Kimball et al. [10]assume that individuals follow constant relative risk aversion given by:

$$U = \frac{W^{1-1/\theta}}{1-1/\theta} \tag{4}$$

where U is utility, W individual wealth level, and θ risk tolerance.

Individuals are expected to reject the risky job choice whenever the expected utility from the risky job is less than the utility from their current risk free job. By using the wealth levels found within the PSID questions and equating the expected utility function of the risky gamble and the risk free choice, relative risk tolerance boundaries are constructed for each question and subsequently applied to individual respondents [10]. As an example, an individual who answered "yes" to the risky job with 10 percent downside but "no" to the job with 20 percent downside has an indifference point somewhere between these two questions. The individual's lowest possible relative risk tolerance occurs when he or she is indifferent to the choice involving the risky job with 10 percent downside. Using this fact, the lowerbound in this scenario is calculated by:

$$0.5 \times \frac{(2W)^{1-1/\theta}}{1-1/\theta} + 0.5 \times \frac{(0.9W)^{1-1/\theta}}{1-1/\theta} = \frac{W^{1-1/\theta}}{1-1/\theta} \tag{5}$$

2W defines the situation where the individual's wealth is doubled with 50 percent chance, and 0.9W defines the other 50 percent where the wealth level drops by 10 percent. The right hand side of Eq. (5) represents the scenario where the individual stays with his current job. The resulting lowerbound risk tolerance is 0.13. Utilizing the same approach for the upperbound, it can be found that a person who answered "yes" to the risky job with 10 percent downside but no to the job with 20 percent downside has a relative risk tolerance between 0.13 and 0.27.

The risk tolerance measured from the PSID questionnaire is considered to be a noisy signal, with true risk tolerance assumed to be log-normally distributed. i.e.,

$$\log\theta_t \sim \mathcal{N}(\mu,\, \sigma_t^2)\,. \tag{6}$$

where θ_t is true risk tolerance. From this, the measured log risk tolerance from the PSID data is defined by:

$$\log\theta_m = \log\theta_t + \epsilon \tag{7}$$

where θ_m is measured risk tolerance and ϵ is measurement error distributed $\mathcal{N}(\mu,\, \sigma_\epsilon^2)$ [11].

With the normality assumptions, theoretical probabilities of an individual falling into a particular response category with given upper and lower risk tolerance bounds can be derived, and estimates of mean and variance within the PSID population calculated through maximum likelihood methods [10]. The estimated variance is then split into true preferences and error components by using the estimated true variance from the Health and Retirement Survey, which asked respondents similar questions but in two waves. In a similar fashion, the responses are also adjusted by 0.21 for status quo bias [11]. The conditional expectation of true risk tolerance given individual responses is then calculated via moment generating functions of the normal [11]. This summarizes individual risk attitudes in a single variable corrected for bias and measurement error. The estimated individual risk tolerance and their composition within the data are presented in Table 1. We see that although the majority of respondents are risk averse, there is still significant heterogeneity in risk attitudes.

In addition to the risk attitude measurement, years of received education is extracted from the PSID data and used to represent education levels. Age, gender and number of

Table 1: Distribution of Risk Tolerance in Data

Individual Risk Tolerance	Percent in Sample
0.27	31.17%
0.4	18.55%
0.49	16.05%
0.6	14.62%
0.79	13.28%
1.22	6.34%

Estimated Risk Tolerance from Kimball et al. [11].

children in household (for excluding those from the offspring generation with children of their own) are also taken and used as controls.

A respondent's main occupation is recorded within the PSID dataset as a 3 digit occupation code from the 1970 Census of Population. This is used in conjunction with guidelines from the PSID to classify occupation into 11 broad categories:

1. PROFESSIONAL: Professional, Technical, and Kindred Workers
2. MANAGER: Managers and Administrators, except Farm
3. SALES: Sales Workers
4. CLERICAL: Clerical and Kindred Workers
5. CRAFTSMAN: Craftsman and Kindred Workers
6. OPERATIVES: Operatives, except Transport
7. TRANSPORT: Transport Equipment Operatives
8. LABORER: Laborers, except Farm
9. FARM RELATED: Farmers and Farm Managers; Farm Laborers and Farm Foremen
10. SERVICE: Service Workers, except Private Household
11. PRIVATE HOUSEHOLD: Private Household Workers

This is then used to generate the INHERIT variable. If an offspring's main occupation falls under the same category as his or her mother's occupation, then the offspring receives a score of 1 during the analysis of son-mother and daughter-mother pairs. If the main occupations do not have matching categories, the offspring receives a score of 0. This process is repeated for son-father and daughter-mother pairs.

The generated occupation categories are also used to control for parental occupation (OCCUP in Eq. (3)), with mother occupation being used for analysis of offspring-mother pairs and father occupation being used for offspring-father pairs.

To link parent-offspring family pairs, the Family Identification Mapping System (FIMS) [7] is used to generate unique identification codes for both parents and offspring. This is then used to match biological parents to their offspring in the 1996 PSID data. In addition, a family tree of respondents from the most current survey year (2017) is also created using FIMS, and generation 2 (i.e., parents of 2017 respondents) will be used to represent the youth, or offspring generation, in 1996.

4 Analysis

The analysis presented in Table 2 utilizes all offspring-parent pairs within the PSID dataset, regardless of whether the offspring have children themselves. In order to be considered a valid observation, both the parent and offspring in question must have reported their occupation in the 1996 questionnaire. Results show child risk tolerance is significant at the p=0.1 level for Mother-Daughter pairs, with the interpretation that on average, for a 1 unit increase in risk tolerance score, daughters are almost 75 percent less likely to inherit their mother's occupation and deviate into a new job, holding all else constant. As risk tolerance ranges from 0.27 for the most risk averse to 1.22 for the most risk loving, a 1 unit increase in the regression can be interpreted a rough comparison between the least and most risk tolerant group of daughters. That is, daughters in the most risk tolerant group are on average around 75 percent less likely to pursue the same occupation as their mothers when compared to daughters in the least tolerant group, *ceteris paribus*. A possible explanation for this finding is that more risk tolerant daughters are in general more open to pursuing new career paths when the opportunity arises, and are less concerned about the career risks from losing potential connections and resources that otherwise would be gained if they inherited their mother's occupation.

Other significant findings in Table 2 are in line with expectations- offspring education increases the likelihood of daughters inheriting their father's occupation by almost 30 percent for every additional year of education received, *ceteris paribus*. This agrees with the observation that traditionally male dominated jobs are often higher paying but more difficult for females to obtain. Higher education grants greater access to these types of jobs, and reduces barriers preventing daughters from inheriting their father's jobs. Various parental occupations also have significant influence on the inheritance decision for different offspring-parent pairs, which supports previous discussions that social and cultural capital in households vary depending on parent jobs. Of particular note is that sons whose mothers are in the professional field are generally more likely to become professionals themselves, a finding consistent with the work of Laband and Lentz who found that children of professional parents are more likely to inherit the profession when compared to children of managerial parents [4].

The analysis of offspring-parent pairs with the added restriction that offspring must not have children themselves is presented in Table 3. The previously significant coefficient

Table 2: Occupational Inheritance Analysis, All Offsprings

	Dependent variable:			
	Inherited Mother Occupation		Inherited Father Occupation	
	Mother-Son	Mother-Daughter	Father-Son	Father-Daughter
	(1)	(2)	(3)	(4)
RISK	0.961 (1.111)	−1.405* (0.807)	−0.007 (0.634)	−0.177 (0.785)
AGE	0.051 (0.044)	0.002 (0.032)	0.004 (0.027)	−0.001 (0.036)
EDUC	0.105 (0.133)	0.009 (0.101)	0.065 (0.087)	0.248** (0.114)
EDUP	0.082 (0.140)	0.172 (0.111)	0.041 (0.077)	−0.116 (0.090)
OCCUPCraftsmen	−13.395 (2,795.604)	−17.416 (3,650.892)	1.672 (1.083)	−3.479*** (1.219)
OCCUPFarm Related			1.892 (1.207)	−18.259 (2,621.368)
OCCUPLaborer	−13.285 (1,940.543)	−17.898 (2,907.966)	−16.190 (1,118.159)	−18.074 (1,443.364)
OCCUPManager	1.674 (1.293)	−1.394* (0.736)	1.068 (1.113)	−1.039 (0.795)
OCCUPOperatives	3.963*** (1.413)	0.010 (0.634)	2.062* (1.178)	−0.368 (0.990)
OCCUPPrivate Household	−13.329 (1,967.333)	−17.804 (3,659.500)		
OCCUPProfessional	3.107*** (1.140)	0.089 (0.534)	1.688 (1.125)	−0.318 (0.843)
OCCUPSales	2.105* (1.221)	−17.951 (2,291.406)	1.794 (1.202)	−2.763** (1.243)
OCCUPService	2.156* (1.152)	0.619 (0.548)	−0.028 (1.466)	−0.469 (0.846)
OCCUPTransport	−12.471 (3,956.181)	−17.470 (3,209.253)	1.481 (1.158)	−18.309 (1,293.880)
Constant	−8.671*** (2.592)	−2.303 (1.933)	−4.057** (1.699)	−2.252 (2.178)
Observations	176	162	253	252
Log Likelihood	−56.121	−82.666	−132.297	−80.597
Akaike Inf. Crit.	140.242	193.333	292.593	189.193

Note:
*p<0.1; **p<0.05; ***p<0.01

of RISK for Mother-Daughter pairs is now gone. However, the RISK coefficient is now significant at the p=0.1 level for Mother-Son pairs, and with greater magnitude. *Ceteris paribus*, sons in the most risk tolerant group are around 125 times more likely to inherit their mother's occupation than sons in the least risk tolerant group. This stands in stark contrast to the finding in Table 2 that greater risk tolerance leads daughters to be less likely to inherit their mother's occupation. A potential explanation is that perhaps sons view their father's occupation as the "expected" career, while for daughters this is their mother's occupation. Thus, the greater propensity for risk tolerant sons to inherit their mother's occupations is in reality a reflection of the sons' willingness to deviate away from inheriting their "expected" careers defined by their fathers. In a similar sense, daughters view their mother's careers as the expected future job path, with more risk tolerant daughters tending to deviate away and not inherit their mother's careers.

Here the coefficient for Age is now significant for Father-Son pairs, with sons on average being 10 percent more likely to pursue the same careers as their fathers for every additional year of age, *ceteris paribus*. Older age might signal an end of the transition to adulthood phase during which different career prospects are explored.

An important difference between results in Table 2 and Table 3 is that once the offspring generation is restricted to those without children of their own, the significance of occupation coefficients disappeared. The distribution of occupation is uneven within the sample data, with certain occupations (e.g., Professional) appearing in far greater proportions than others

(e.g., Private Household). Combined with the reduced number of observations in Table 3, this results in more occupation categories lacking sufficient data for good standard error estimates. Controlling for offspring's parental status may also have drawn away some of the effect previously assigned to these variables, though the notion that parental occupation has no influence on inheritance decisions is hard to justify and goes against findings in current literature. Similarly, although magnitude of RISK coefficient in Mother-Daughter pairs did not change a great degree in Table 3, the coefficient is no longer significant, likely because sample size for the particular pair decreased by 75 percent from 162 to 42. A greater sample size will be needed before any conclusive remarks can be made on the effect from implementing this additional control.

Regardless, findings from both Table 2 and Table 3 strongly suggest that risk tolerance plays an important role in the occupational inheritance decision, particularly when it comes to inheriting occupation of mothers. Previously discussed literature exploring occupational inheritance does not control for parenthood status of the offspring generation. This, along with the large decrease in sample size in Table 3, makes Table 2 results the preferred source to draw conclusions.

Table 3: Occupational Inheritance Analysis, Offspring without Children

	Dependent variable:			
	Inherited Mother Occupation		Inherited Father Occupation	
	Mother-Son	Mother-Daughter	Father-Son	Father-Daughter
	(1)	(2)	(3)	(4)
RISK	4.847* (2.490)	−1.622 (1.845)	−1.627 (1.183)	−0.226 (1.224)
AGE	0.078 (0.099)	0.076 (0.140)	0.107* (0.056)	0.151 (0.124)
EDUC	−0.103 (0.246)	−0.410 (0.263)	0.242 (0.148)	0.024 (0.276)
EDUP	0.525 (0.366)	0.551* (0.293)	−0.041 (0.114)	−0.146 (0.211)
OCCUPCraftsmen			−0.550 (1.487)	−2.328 (1.698)
OCCUPFarm Related			0.064 (1.688)	−19.414 (7,494.878)
OCCUPLaborer	−16.604 (6,522.639)	−19.422 (10,754.010)	−17.594 (1,862.971)	−20.308 (7,225.287)
OCCUPManager	−12.995 (3,024.504)	−18.971 (3,651.018)	−0.765 (1.467)	−0.986 (1.485)
OCCUPOperatives	24.278 (6,522.639)	0.009 (1.742)	1.437 (1.877)	−0.793 (1.780)
OCCUPPrivate Household	−14.380 (4,312.391)			
OCCUPProfessional	1.864 (2.193)	−0.815 (1.189)	−1.382 (1.613)	0.664 (1.578)
OCCUPSales	1.940 (1.904)	−18.821 (7,589.629)	−0.566 (1.714)	−19.630 (4,714.604)
OCCUPService	1.100 (1.659)	−1.131 (1.402)	−1.063 (1.824)	−18.865 (3,983.839)
OCCUPTransport			−17.338 (1,746.279)	−19.213 (5,253.387)
Constant	−14.529** (5.938)	−2.523 (4.933)	−4.905* (2.713)	−2.307 (4.775)
Observations	70	42	98	69
Log Likelihood	−16.959	−17.255	−49.107	−24.182
Akaike Inf. Crit.	57.918	56.509	126.215	76.363

Note:
*p<0.1; **p<0.05; ***p<0.01

5 Discussion and Conclusion

This paper used FIMS and 1996 PSID data to study the role of individual risk attitude in occupation inheritance. Respondents from Generation 2 (i.e., parents of 2017 respondents) were used to represent the 1996 offspring generation. However, this approach saw limited sample size when respondents were limited to those without children. It is possible to alleviate this problem by expanding the offspring generation to include generation 3 (i.e. grandparents of 2017 respondents). Furthermore, number of observations can also be increased by finding the main occupation of retired 1996 parents in earlier PSID surveys, although a distinction between retired and still working parents will need to be implemented. These approaches should somewhat alleviate the high standard errors seen in occupational controls, and help achieve a better understanding of parenthood effects on occupation inheritance. Analysis performed in this paper can also be rerun with a sample that links offspring to adoptive parents and results compared, as depending on the time of adoption it can be argued that adoptive parents are the main source of cultural and social capital for the child.

In conclusion, analysis conducted using the 1996 PSID data suggests individual risk tolerance levels play an important role in the occupational inheritance decision for maternal careers. Results indicate risk loving daughters are more likely to deviate away from inheriting maternal occupations when compared to their risk averse counterparts. There is also evidence that more risk loving sons who do not have children are likely to pursue the same careers as their mothers, a possible reflection of a greater willingness to deviate away from inheriting their paternal occupations. This suggests that expected future careers for children may be gender based, with daughters viewing their mother's jobs as the default choice, and sons viewing their father's jobs as the default. Greater offspring risk tolerance therefore lowers the likelihood that children will inherit their "expected" careers from their parents.

The analysis of risk attitude and occupational inheritance conducted in this paper expands upon present literature and demonstrates that individual risk tolerance, in addition to influencing career choice and stability, also plays a role in career inheritance. Our work provides a possible explanation as to why certain career groups examined in present literature experience higher rates of occupational inheritance than others, highlights the importance of including risk attitude as a covariate in future studies of occupational inheritance, and sheds more light into the driving forces behind social mobility and labor composition.

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