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Who's Your Daddy? Intergenerational Mobility in the U.S. Financial Industry

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Abstract

This paper investigates the intergenerational mobility with regard to people's decision to work in the U.S. financial industry over the last 47 years. I present evidence that children of fathers who worked in the financial industry during their childhood are about 8 percentage points more likely to work in finance themselves. This increase in likelihood is greater than in most other industries and is driven solely by wealthier families. In addition, I document that second-generation finance industry employees whose fathers already worked in finance enjoy a substantial income surplus compared to their industry peers.

1. Introduction

The persistence between parents and children's outcomes in different domains of life has attracted widespread attention over the past two centuries. Motivated by the interest in the degree to which inequality is transmitted across generations, much of the literature on intergenerational mobility is focused on changes in income, wealth, or social class within a family from one generation to the next (e.g., Solon, 2002; Charles and Hurst, 2003; Chetty et al., 2014).[1] A considerable smaller proportion of papers has moved beyond socioeconomic measures and has investigated whether children find work in the same industry or even at the same company as their parents. Nonetheless, the study of intergenerational mobility with regard to people's career choices has proved to be very instructive.

Hellerstein and Morrill (2011), for example, find that the increased likelihood of women in the U.S. to enter their fathers' occupation over the 20th century is due in large part to a growing transmission of occupation-specific human capital from fathers to daughters over time. Kramarz and Skans (2014) provide evidence that young adults in Sweden are more likely to find their first job in the plants in which their parents currently work, which benefits both the new employee and the employer, and Corak and Piraino (2011) document that 40 percent of a cohort of young Canadian men have been employed at some time with an employer for which their father also worked. These examples illustrate that examining intergenerational mobility across industries, occupations, and even employers can be of major interest for policy purposes. They enhance our understanding of the structure of labor markets as well as the barriers embedded in them and, for instance, help to improve the effectiveness of interventions aimed at facilitating access to specific occupations for underrepresented groups, such as women in asset management (Dunleavey, 2017).

In this article, I examine the intergenerational correlation in the decision of individuals to work in the U.S. financial industry over the period 1972-2018. A large body of research shows that a country's financial system plays a crucial role in its economic development (e.g., Levine, 2005). However, as Philippon and Reshef (2012) note, this literature does not explain how the financial industry is organized and, in particular, how it recruits its employees. Although several studies relate people's education and macroeconomic experiences to their decision to start a career in

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[1] For a comprehensive overview of the literature on intergenerational mobility, see Black and Devereux (2011).

finance (e.g., Goldin and Katz, 2008; Oyer, 2008), little is known about the role of the parental household. This is surprising given the ample evidence that parents have a major influence on children's career choices (see, e.g., Watson and McMahon, 2005, and the literature therein).

By focusing on intergenerational industry mobility, my approach provides new insights into the role of parents in their children's decision to enter the financial industry. Among other things, it allows me to show that the likelihood of working in finance is higher than in most other industries if a person's father also worked in the same industry while he or she was growing up.

The comparably high correlation between fathers and children in finance has two possible explanations. First, choosing the same industry as their parents may indicate the transmission of industry-specific human capital from parents to children (Black, Devereux, and Salvanes, 2005). Secondly, it may reflect the importance of informal personal networks for hiring decisions. The latter may also be a sign of nepotism in the recruitment process in the financial industry.[2] While recruitment based on personal ties can be beneficial for both employees and employers, e.g., due to less uncertainty about the quality of a match (Simon and Warner, 1992; Loury 2006), a high rate of people recruited through their parents' networks can also be detrimental.[3] As an example, preferred hiring from a limited talent pool may interfere with the search for the best available talent leading to inefficiencies in financial firms. In addition, a small, elitist group that "feeds" the financial industry relatively more frequently may be more inclined to provide financing and other services preferably to their peers, which, in turn, results in undesirable outcomes for the economy as a whole. Moreover, interventions directed to promote diversity in financial firms will not be as effective if the ultimate access to jobs is determined to a considerable extent by informal networks.

By documenting a substantial income surplus for finance industry employees whose fathers were also in the industry, I provide evidence that is difficult to reconcile with hiring practices purely based on personal ties without considering employee productivity. Instead, I argue that the results are more compatible with better quality matches between workers and employers.

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[2] Compelling evidence for the existence of nepotism in hiring decisions in the U.S. financial industry is provided by the "Sons & Daughters Program," which J.P. Morgan introduced to hire children of Chinese officials and executives in order to allegedly win business in China. In 2016, the bank agreed to pay a USD 264 million fine to settle claims that its hiring practices violated the Foreign Corrupt Practices Act (FCPA).
[3] In this respect, Bellow (2003) distinguishes between "good" nepotism and "bad" nepotism.

2. Parents and children in the financial industry

To investigate whether children of parents who worked in finance are more likely to work in the industry themselves, I use data from the General Social Survey (GSS), a nationally representative survey administered by the National Opinion Research Center at the University of Chicago. In line with prior literature (e.g., Greenwood and Scharfstein, 2013), the financial industry is defined as a combination of the credit intermediation, securities, and insurance subsectors. Information on the industry in which respondents' parents worked is available in the GSS for fathers in the period 1972-2018 and for mothers in the period 1994-2018. So as not to burden the reader with details of the data here, I provide a comprehensive documentation about my sample construction and all variables in Appendix A.

2.1. Intergenerational finance industry mobility

I examine the following linear model for the probability that a person works in the financial industry and a parent also worked in finance while the person was growing up:

$$\boldsymbol{y}_{i,t}^{Finance} = \beta_0 + \beta_1 \, P_{i,t}^{Finance} + \alpha_i + \varepsilon_{i,t} \,, \tag{1}$$

where $\boldsymbol{y}_{i,t}^{Finance}$ is an indicator variable taking the value one if individual i interviewed in year t works in the financial industry. $P_{i,t}^{Finance}$ is an indicator capturing whether a parent of that person worked in finance while the respondent was growing up. The parameter β_1 measures the rate of *relative* mobility (Chetty et al., 2020), i.e., the association between the mean probability of children and their parents to both work in finance. The estimate of β_1 hence answers the following question: "*How much more likely is the average respondent to work in finance if a parent also worked in the financial industry while the respondent was growing up?*" To account for the time-varying heterogeneity in macroeconomic and social influences to which individuals are exposed, I include birth year fixed effects α_i in all regressions.[4]

Table 1 presents results from regressions of the form described in equation (1). The estimates for fathers in columns (1) to (3) are strongly significant and positive implying that individuals are more likely to work in finance if their fathers also worked in the financial industry. The estimated

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[4] For example, Oyer (2008) suggests that a person's decision to enter the financial industry is affected by the recently experienced stock market performance.

## Table 1: Intergenerational industry mobility in finance

Dependent variable	In finance					
	(1)	(2)	(3)	(4)	(5)	(6)
Father in finance	**0.074*****	**0.075*****	**0.081*****			
	(5.54)	**(5.30)**	**(4.31)**			
Mother in finance				**0.015**	**0.017**	**0.004**
				(1.21)	**(1.40)**	**(0.38)**
Non-white		0.001	0.009*		0.007	0.017**
		(0.27)	(1.83)		(1.25)	(2.32)
Female		0.027***	0.027***		0.022***	0.022***
		(7.77)	(7.55)		(5.48)	(4.50)
U.S.-born		-0.007	-0.008		-0.027***	-0.025**
		(-1.22)	(-1.06)		(-3.17)	(-2.39)
High school degree			0.029***			0.024***
			(7.11)			(3.84)
Junior college degree			0.027***			0.029**
			(3.39)			(2.49)
Bachelor's degree			0.063***			0.065***
			(9.96)			(8.93)
Graduate degree			0.025***			0.028**
			(3.51)			(2.44)
Lived with both parents at age 16			0.011**			0.008
			(2.47)			(1.42)
Number of siblings			-0.001*			-0.002**
			(-1.98)			(-2.10)
Lived in a city at age 16			0.015***			0.013***
			(3.83)			(3.07)
Income below average at age 16			-0.007			-0.005
			(-1.59)			(-0.94)
Constant	0.000	0.007	-0.038***	-0.000	-0.000	-0.008
	(0.99)	(1.22)	(-2.91)	(-0.99)	(-0.98)	(-0.64)
Birth year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	28,075	25,118	19,829	12,933	12,909	8,823
Adj. R-squared	0.00348	0.00717	0.0169	0.000939	0.00497	0.0144

Note: This table reports results from regressions of the form described in equation (1). Robust t-statistics (in parentheses) are based on standard errors clustered by birth year. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

magnitude with only birth year fixed effects in column (1) is 7.4 percentage points. Controlling for demographic characteristics in column (2) has no impact on the significance of this relation and hardly any effect on its magnitude. Additionally accounting for a person's educational degree and other family background characteristics in column (3), for example, whether a respondent lived

with both parents at the age of 16, slightly increases the magnitude. Altogether, the results suggest that a person is about 8 percentage points more likely to work in finance if his or her father worked in the industry while he or she was growing up. However, columns (4) to (6) indicate that this is not the case for mothers. The estimated coefficients on the variable of interest are insignificant throughout all models for mothers.[5]

Figure 1: Intergenerational mobility in relation to fathers across industries
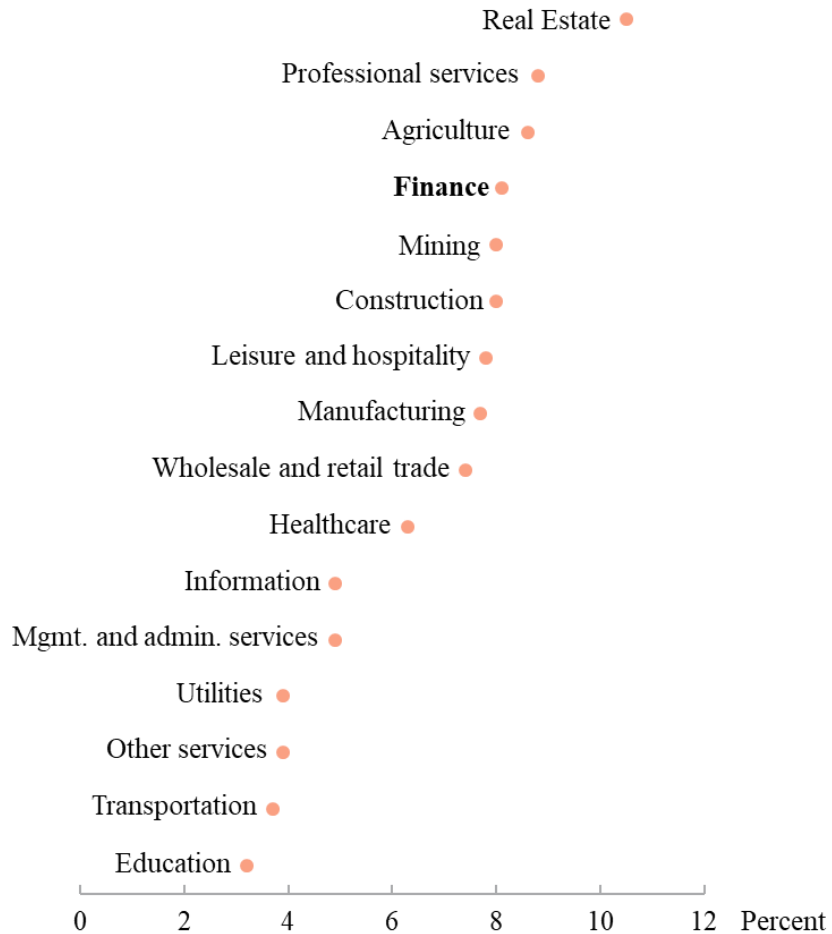
Note: This figure shows the relative industry mobility of individuals in relation to their fathers across different industries. Each point represents the estimation of β_1 from a regression of the form described in equation (1). Regressions include controls for a person's demographic characteristics, educational degree, and family background characteristics as well as birth year fixed effects as in column (3) of Table 1. Standard errors are clustered by birth year. All parameters are significant at least at the 5% level.

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[5] The results presented in Table 1 are robust to various alternative specifications which I report in Table B.1 in the Appendix. For example, the coefficient remains virtually unchanged when I add fixed effects for the U.S. regions where respondents lived at age 16 and where they live today. Replacing birth year fixed effects with graduation year fixed effects, estimated using a respondent's years of schooling, does also not change the results.

To gauge the magnitude of the relative mobility in the finance industry with regard to respondents' fathers, I estimate the regression model in column (3) for all private sector industries available in the GSS (18 industries). Figure 1 plots the relative mobility parameter with regard to respondents' fathers for each industry for which it is significant at the 5% level or higher. Across 16 industries, the probability of a person entering an industry grows significantly if the father has already worked in that industry. The increase in likelihood is greater than in the financial industry in only three other industries: real estate, professional services, and agriculture. The comparably high correlation in finance suggests that fathers who gained professional experience in finance have a relatively strong influence on their children's decision to also enter the financial industry.

2.2. Families' socioeconomic status

Next, I investigate whether the intergenerational finance industry mobility varies with the socioeconomic status of the family during the child's upbringing. This analysis is motivated by early research indicating that a family's socioeconomic status is related to children's occupational aspiration (Brook et al., 1974). Moreover, wealthier families are better able to invest in their children's human capital formation and have the more *embedded* workers, i.e., those with stronger personal networks in the industry (Montgomery, 1991).

Table 2: Socioeconomic status of families and intergenerational finance industry mobility

Dependent variable	*In finance*	
	Family income at age 16 < Average	Family income at age 16 ≥ Average
	(1)	(2)
Father in finance	**0.058**	**0.084***
	(1.40)	**(4.05)**
Constant	0.005	-0.035**
	(0.70)	(-2.07)
Controls as in column (3) of Table 1	Yes	Yes
Birth year FE	Yes	Yes
Observations	5,182	14,647
Adj. R-squared	0.0187	0.0172

Note: This table investigates the role of families' socioeconomic status during the child's upbringing for the intergenerational finance industry mobility of fathers and their children. Robust t-statistics (in parentheses) are based on standard errors clustered by birth year. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

I divide the sample into those people who responded that their family income at age 16 was below and those who responded that is was equal to or above the average income and report the results in Table 2. In line with the above arguments, the estimates suggest that the correlation between fathers and their children is solely driven by wealthier families. Hence, the socioeconomic status of a family appears to be a key factor in the intergenerational finance industry mobility. This finding is also remarkable against the background of the literature arguing that personal ties are generally more relevant for people with poor labor market prospects (Galeotti and Merlino, 2011).

2.3 Children's income

A natural follow-up question to the above results is whether children of parents who worked in finance during their upbringing differ in their labor market outcomes when they work in the financial industry themselves.[6] To shed light on this, I restrict the sample to finance industry employees and regress their family income on the indicator that captures whether a parent of that person worked in finance. Results are reported in Table 3 with the natural logarithm of the equivalized family income as the dependent variable. The models in columns (2) and (4) additionally include a respondent's (squared) age as controls. The estimates indicate that having a father who also worked in finance is correlated with a 25 percent higher income. Again, I do not find a significant effect for mothers.

The substantial income surplus with regard to fathers is difficult to reconcile with "bad" nepotism, i.e., the hiring of children entirely because of family connections with no regard to productivity (Bellow, 2003), especially in finance which is known for its high degree of competitiveness. In contrast, the income surplus appears to be more in line with the idea that higher quality matches can be achieved for second-generation finance industry employees, either through informal job networks (Simon and Warner, 1992) or through the transmission of valuable human capital from parents to children (e.g., Rosenzweig and Wolpin, 1985).

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[6] Examining talent and productivity would certainly also be very revealing, but data constraints do not allow me to perform these analyses. I therefore limit myself to studying income differentials arguing that income is a valid indicator for talent in the financial industry (e.g., Célérier and Vallée, 2015).

Table 3: Income of finance industry employees

Dependent variable	Ln(Income)			
	(1)	(2)	(3)	(4)
Father in finance	0.251**	0.243***		
	(2.53)	(2.66)		
Mother in finance			-0.040	0.068
			(-0.30)	(0.50)
Age		0.070***		0.104***
		(4.69)		(2.90)
Age squared		-0.001***		-0.001**
		(-3.26)		(-2.21)
Non-white	-0.285***	-0.286***	-0.289***	-0.279**
	(-3.65)	(-3.98)	(-2.67)	(-2.52)
Female	-0.215***	-0.215***	-0.149	-0.156*
	(-2.95)	(-3.13)	(-1.62)	(-1.91)
U.S.-born	-0.044	0.004	-0.076	-0.070
	(-0.49)	(0.04)	(-0.56)	(-0.47)
High school degree	0.328*	0.280	0.488**	0.454*
	(1.75)	(1.45)	(2.19)	(1.99)
Junior college degree	0.569***	0.479**	0.720***	0.661**
	(2.92)	(2.40)	(2.73)	(2.46)
Bachelor's degree	0.675***	0.555**	0.995***	0.926***
	(3.09)	(2.55)	(4.15)	(3.96)
Graduate degree	1.106***	0.874***	1.323***	1.210***
	(5.09)	(3.96)	(4.69)	(4.24)
Lived with both parents at age 16	-0.083	-0.096	0.058	0.023
	(-0.85)	(-1.05)	(0.54)	(0.23)
Number of siblings	-0.004	-0.008	0.006	-0.000
	(-0.32)	(-0.60)	(0.28)	(-0.02)
Lived in a city at age 16	0.074*	0.059	0.042	0.049
	(1.79)	(1.48)	(0.48)	(0.54)
Income below average at age 16	0.059	-0.039	-0.020	-0.040
	(1.02)	(-0.64)	(-0.18)	(-0.38)
Constant	-0.285***	-0.286***	-0.289***	-0.279**
	(-3.65)	(-3.98)	(-2.67)	(-2.52)
Birth year FE	Yes	Yes	Yes	Yes
Observations	1,012	1,012	427	427
Adj. R-squared	0.197	0.281	0.226	0.266

Note: This table studies the income of finance industry employees dependent on whether their fathers or mothers have also worked in finance. The dependent variable in all regressions is *Ln(Income)* which is the natural logarithm of a respondent's equivalized family income. Robust t-statistics (in parentheses) are based on standard errors clustered by birth year. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

3. Conclusion

This article corroborates the results of previous research on intergenerational industry mobility and the importance of the parents in people's career choices. I focus on the U.S. financial industry and reveal that the relative industry mobility for fathers and their children, i.e., the increase in the likelihood to work in the same industry, is greater in finance than in most other industries. This comparably high correlation is driven by wealthier families, which, on the one hand, are able to provide more valuable informal networks, and, on the other hand, invest more in the human capital formation of their children. Moreover, I document that second-generation finance industry employees, whose fathers were themselves employed in the industry, enjoy a substantial income surplus compared to their industry peers. I argue that this cannot easily be explained by the hiring of children solely because of family ties without regard to productivity. More likely, the income surplus is due to a superior match quality. Further research is required, especially to disentangle the role of informal networks and the transmission of human capital as two potential drivers of this finding.

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Appendix

Appendix A: Sample construction and variables

In this section, I describe the construction of my sample and the most important variables for this study. All variables are defined in Table A.1, and Table A.2 reports summary statistics.

I examine intergenerational industry mobility of individuals working in the U.S. financial industry using data from the General Social Survey (GSS) (Smith et al., 2019). The GSS is a nationally representative survey administered by the National Opinion and Research Center at the University of Chicago. It is one of the most influential studies in the social sciences, and is frequently quoted in the press, including the *New York Times*, the *Wall Street Journal*, and the *Associated Press*.[7]

Sample selection

The target population of the GSS is adults, i.e. people over 18 year of age, who live in households in the United States. The survey was conducted every year from 1972 to 1994, except in 1979, 1981, and 1992, and has been conducted every other year since 1994. It contains about 1,500 respondents each year from 1972 through 1993, and continues with around 2,800 respondents every second year from 1994 through 2018. My sample includes all 32 cross-sectional waves currently available spanning the 47-year period from 1972 to 2018. In line with the previous literature on the intergenerational link in career choice (e.g., Corak and Piraino, 2016), I limit the sample to employees in the private sector (full-time and part-time). That is, I exclude respondents who are temporarily not working, are in school, running the household, or are retired. I also exclude from the sample all persons working in the public sector, including the U.S. military. Finally, I eliminate all cases where information on a respondent's industry is missing or could not be coded.

Data adjustments

Despite the broad consistency of questions across survey waves, a few changes to the GSS over time require researchers to make some adjustments (see Smith, 1990). Two changes are particularly relevant in my context: (1) an oversample of blacks in the 1982 and 1987 survey; (2) from 2006 onwards, surveys that could not have been completed by respondents in English were administered in Spanish. To create a consistent data set, I adjust the data as suggested by prior studies that use

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[7] For details, see https://gssdataexplorer.norc.org/pages/show?page=gss%2Fmedia_room.

the GSS (e.g., Stevenson and Wolfers, 2008a, 2008b, 2009; Ifcher and Zarghamee, 2014). First, I drop black oversamples in the years 1982 and 1987. Second, I exclude all interviews from 2006 onwards that occurred in Spanish and could not have been completed in English (as in previous years). Lastly, to ensure representativeness of my sample, I weight all estimates using the GSS weight variable WTSSALL.

Variables

Financial industry variables. I use the 2007 Census industry classification to classify respondents and their parents as workers in the financial industry. Following Philippon and Reshef (2012) and Greenwood and Scharfstein (2013), the financial industry is defined as a combination of the credit intermediation, securities, and insurance subsectors. The corresponding industry codes are 6870-6990. This classification yields a yearly proportion of around five percent of respondents who work in the financial industry. I verify this figure using data from the March supplement of the Current Population Survey (CPS) for the same period. The CPS data provide very similar yearly proportions, and the average yearly difference between the two data sets is 0.032%.

To determine the occupation, industry, and occupational prestige of respondents' parents, the GSS uses the following set of questions:

"*What kind of did your father (mother) normally do while you were growing up?*"

"*What did he (she) actually do in that job?*"

"*What kind of place did he (she) work for?*"

"*What did they make / do?*"

As main variable of interest in this study, I use the indicator *In Finance* which captures whether a respondent works in the financial industry. The variables *Father in Finance* and *Mother in Finance* are defined analogously and record whether a respondent's father or mother worked in the financial industry while the respondent was growing up. Information on the industry and occupation of fathers is available for the entire sample period whereas information for mothers is available for years after 1994. Therefore, regressions that examine the intergenerational correlation in the decision to work in finance with respect to mothers are based on the period 1994-2018.

Income. Because the GSS does not provide a consistent measure of income across survey years (Hout, 2004), I manually construct a consistent income measure for my sample as described in Stevenson and Wolfers (2008b). First, I convert a respondent's categorical family income in the previous year to a continuous measure by fitting interval regressions to the data on the assumption

that income follows a log-normal disruption. I then translate income to 2005 dollars using the Consumer Price Index (CPI). Lastly, I use the OECD-modified equivalence scale to make family incomes of different household types comparable by taking into account shared consumption benefits (Hagenaars et al., 1994). *Ln(Income)* is my income variable which is the logarithmic equivalized measure.

Occupational prestige. In robustness tests in the Appendix, I additionally control for parents' occupational prestige using the variables *Father's occupational prestige* and *Mother's occupational prestige*, respectively. The occupational prestige of a parent is based on the 2010 Census occupation classification. It is measured as the mean value of ratings for each occupation category which is converted to a scale of 0 (bottom) to 100 (top).

U.S. regions. In some analyses, I draw on information about the U.S. regions where respondents lived at age 16 or where they live today, i.e., where the GSS interview was conducted. I refer to a region as one of the nine divisions defined by the U.S. Census Bureau, i.e., New England (Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island), Middle Atlantic (New York, New Jersey, Pennsylvania), East North Central (Wisconsin, Illinois, Indiana, Michigan, Ohio), West North Central (Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas), South Atlantic (Delaware, Maryland, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, District of Columbia), East South Central (Kentucky, Tennessee, Alabama, Mississippi), West South Central (Arkansas, Oklahoma, Louisiana, Texas), Mountain (Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico), and Pacific (Washington, Oregon, California, Alaska, Hawaii).

Table A.1: Variable definitions

This table provides definitions of all variables used in this study. Data are obtained from the General Social Survey over the period 1972-2018. I indicate in the table if a variable is not available for the entire period.

Variable	Definition
In finance	Indicator equal to one for a respondent who works in the financial industry
Parental job characteristics and education	
Father in finance	Indicator equal to one if the father of a respondent worked in the financial industry while the respondent was growing up
Mother in finance	Indicator equal to one if the mother of a respondent worked in the financial industry while the respondent was growing up Available 1994-2018
Father in same finance subsector	Indicator equal to one if the father of a respondent worked in the financial industry *and* in the same financial industry subsector (credit intermediation, securities, and insurance) as the respondent
Father in different finance subsector	Indicator equal to one if the father of a respondent worked in the financial industry but in another financial industry subsector as the respondent
Father's occupational prestige	Prestige score of the father's occupation, coded from 0 (bottom) to 100 (top)
Mother's occupational prestige	Prestige score of the mother's occupation, coded from 0 (bottom) to 100 (top) Available 1994-2018
Father's highest degree	Variable indicating the highest degree the father of a respondent has obtained; coded from 0 (less than high school) to 4 (graduate degree)
Mother's highest degree	Variable indicating the highest degree the mother of a respondent has obtained; coded from 0 (less than high school) to 4 (graduate degree)
Demographic characteristics	
Age	Respondent's age in years
Age squared	Respondent's squared age
Female	Indicator equal to one if a respondent is female
Non-white	Indicator equal to one if a respondent is not white, i.e., black or other
U.S.-born	Indicator equal to one if a respondent was born in the U.S.
Education	
High school degree	Indicator equal to one if the highest degree a respondent obtained is a high school degree

Junior college degree	Indicator equal to one if the highest degree a respondent obtained is a junior college degree
Bachelor's degree	Indicator equal to one if the highest degree a respondent obtained is a Bachelor's degree
Graduate degree	Indicator equal to one if the highest degree a respondent obtained is a graduate degree
Family background characteristics	
Lived with both parents at age 16	Indicator equal to one if a respondent lived with both parents at age 16
Number of siblings	Number of siblings of a respondent
Lived in a city at age 16	Indicator equal to one if a respondent at the age of 16 lived in a city with at least 50,000 inhabitants
Income below average at age 16	Indicator equal to one if a respondent responds that his or her family income at the age of 16 was below or far below the average (vs. average, above average, and far above average)
	Available 1972-2018, except for 1996, 1998, and 2000
Income	
Ln(Income)	Natural logarithm of a respondent's equivalized family income

Table A.2: Summary statistics

Variable	In finance = 1		In finance = 0		Difference in means
	N	Mean	N	Mean	t-statistic
In finance	1,816	1.000	33,028	0.000	
Father in finance	1,496	0.057	26,646	0.022	5.48***
Mother in finance	674	0.055	12,293	0.043	1.19
Father in same finance subsector	1,496	0.036	33,028	0.000	5.97***
Father in different finance subsector	1,496	0.021	33,028	0.000	6.14***
Father's occupational prestige score	1,481	45.350	26,335	44.285	3.15***
Mother's occupational prestige score	674	42.666	12,366	41.742	1.81*
Father's highest degree	1,453	1.260	25,606	1.030	6.58***
Mother's highest degree	1,655	1.124	29,607	0.968	4.85***
Non-white	1,816	0.179	33,028	0.183	-0.37
Female	1,816	0.608	33,028	0.471	10.39***
U.S.-born	1,598	0.896	28,983	0.904	-0.95
Age	1,807	39.576	32,937	40.436	-2.20**
High school degree	1,814	0.518	32,962	0.540	-1.33
Junior college degree	1,814	0.070	32,962	0.068	0.32
Bachelor's degree	1,814	0.299	32,962	0.167	11.44***
Graduate degree	1,814	0.085	32,962	0.086	-0.20
Lived with both parents at age 16	1,777	0.774	32,228	0.727	4.09***
Number of siblings	1,773	3.102	32,176	3.640	-7.28***
Lived in a city at age 16	1,775	0.545	32,200	0.444	7.59***
Income below average at age 16	1,460	0.247	25,926	0.312	-4.38***
Ln(Income)	1,686	10.544	30,609	10.237	15.13***

Note: This table presents summary statistics for the variables used in this study. The sample period is 1972-2018. Summary statistics are shown for the subsamples of respondents who work and do not work in the financial industry (*In finance* = 1 vs. 0). The last column reports t-statistics from regressions of the respective variable on the indicator *In finance* to test for differences in the mean values of the respective variable between the two groups. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix B: Robustness tests

Table B.1: Robustness test for the intergenerational finance industry mobility

Dependent variable	In finance									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Father in finance	**0.075*** **	**0.079*** **	**0.078*** **	**0.081*** **	**0.082*** **					
	(5.56)	**(4.15)**	**(4.24)**	**(4.33)**	**(4.41)**					
Mother in finance						0.015	0.005	0.006	0.005	0.004
						(1.21)	(0.45)	(0.49)	(0.41)	(0.36)
Non-white		0.010*	0.009	0.011**	0.010*		0.019**	0.019**	0.019**	0.019**
		(1.88)	(1.59)	(2.18)	(1.95)		(2.51)	(2.54)	(2.56)	(2.59)
Female		0.026***	0.025***	0.027***	0.027***		0.021***	0.020***	0.022***	0.022***
		(7.28)	(7.07)	(7.54)	(7.65)		(4.29)	(4.07)	(4.54)	(4.39)
U.S.-born		-0.008	-0.010	-0.004	-0.003		-0.023**	-0.022**	-0.014	-0.016
		(-0.99)	(-1.15)	(-0.40)	(-0.32)		(-2.13)	(-2.03)	(-0.91)	(-0.98)
High school degree		0.029***	0.029***	0.027***	0.028***		0.025***	0.024***	0.024***	0.022***
		(6.25)	(6.21)	(6.63)	(6.07)		(3.41)	(3.36)	(3.55)	(3.25)
Junior college degree		0.026***	0.027***	0.024***	0.025***		0.028**	0.028**	0.029**	0.028**
		(3.15)	(3.24)	(3.09)	(3.39)		(2.24)	(2.24)	(2.45)	(2.41)
Bachelor's degree		0.061***	0.062***	0.060***	0.061***		0.066***	0.066***	0.063***	0.063***
		(9.40)	(9.42)	(9.31)	(9.57)		(8.28)	(8.05)	(8.38)	(8.17)
Graduate degree		0.022***	0.024***	0.022***	0.022***		0.031**	0.031**	0.024**	0.024**
		(2.90)	(3.09)	(3.01)	(2.85)		(2.36)	(2.30)	(2.13)	(2.05)
Lived with both parents at age 16		0.013***	0.013***	0.011**	0.011**		0.008	0.008	0.008	0.009
		(2.71)	(2.66)	(2.36)	(2.40)		(1.44)	(1.36)	(1.38)	(1.49)
Number of siblings		-0.001*	-0.001*	-0.001*	-0.001*		-0.002**	-0.002**	-0.002**	-0.002*
		(-1.82)	(-1.84)	(-1.89)	(-1.86)		(-2.14)	(-2.14)	(-2.12)	(-1.92)
Lived in a city at age 16		0.014***	0.015***	0.014***	0.014***		0.013***	0.012***	0.013***	0.012***
		(3.33)	(3.35)	(3.63)	(3.59)		(3.06)	(2.82)	(2.94)	(2.88)
Income below average at age 16		-0.006	-0.007	-0.007	-0.007*		-0.006	-0.007	-0.006	-0.006
		(-1.27)	(-1.52)	(-1.56)	(-1.71)		(-1.12)	(-1.13)	(-1.02)	(-1.07)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Father's highest degree		0.000	0.002							
		(0.09)	(0.98)							
Father's occupational prestige			-0.000*							
			(-1.93)							
Mother's highest degree							-0.002	-0.003		
							(-0.78)	(-1.03)		
Mother's occupational prestige								0.000		
								(0.55)		
Constant	0.051***	-0.037***	-0.020	-0.030	0.022	0.050***	-0.008	-0.011	0.017	0.010
	(34.40)	(-2.87)	(-1.46)	(-1.46)	(1.19)	(19.96)	(-0.61)	(-0.78)	(0.49)	(0.32)
Birth year FE	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No
Region FE	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Region at age 16 FE	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Graduation year FE	No	No	No	No	Yes	No	No	No	No	Yes
Observations	28,075	18,882	18,652	19,829	19,814	12,933	8,614	8,566	8,823	8,815
Adj. R-squared	0.00255	0.0159	0.0161	0.0175	0.0185	0.000106	0.0137	0.0135	0.0159	0.0160

Note: This table reports results from robustness tests of the estimates reported in Table 1. Columns (1) and (6) examine the parent-child relation without fixed effects and controls. In columns (2) and (7), I extend the model shown in column (3) of Table 1 by inserting a control for the degree of a parent, and in columns (3) and (8), I additionally include the occupational prestige score of the parent. Columns (4) and (9) include fixed effects for the U.S. regions where respondents lived at age 16 and for the regions where they live today. Finally, in columns (5) and (10), I replace birth year fixed effects with graduation year fixed effects, which are approximated using information on a respondent's year of birth and years of schooling. Robust t-statistics (in parentheses) are based on standard errors clustered by birth year. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

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