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Intergenerational analysis of social interaction and social skills: An analysis of U.S. and U.K. panel data☆

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ABSTRACT

A body of empirical evidence supports a positive relationship between educational attainment and social interaction. We build on this literature by exploring the relationship between the social interaction of parents and their offspring from an empirical perspective. Using two U.K. and U.S. panel data sets, we find robust evidence of intergenerational links between the social interaction of parents and their offspring supporting the existence of positive intergenerational effects in social interaction. These links exist after controlling for an extensive set of factors covering family background including income and wealth as well as attempting to control for issues related to reverse causality and endogeneity. Our empirical evidence indicates that higher levels of parental social interaction are associated with higher levels of child social interaction. Our findings indicate an important influence on this facet of children's human capital, namely social skills, with positive consequences expected for educational attainment.

1. Introduction and background

Over the last two decades there has been growing interest in the economics literature in the implications of social interaction and social capital for socio-economic outcomes such as educational attainment. Given that social skills are an important part of human capital, see Bowles, Gintis, and Osborne (2001), such interest is not surprising. Empirical evidence supports a positive relationship between social interaction and educational attainment, see, for example, Brown and Taylor (2007), Iannaccone (1998), and Sacerdote and Glaeser (2001). Furthermore, Glaeser, Laibson, and Sacerdote (2002), who find evidence supporting a positive correlation between education and social interaction, state that this relationship is "one of the most robust empirical regularities in the social capital literature." (Glaeser et al., 2002, p. F455).

Social capital, a term whose use, as it is understood here, dates back at least as far as Hanifan (1916), is a concept which recognises the value of investments in social contacts and networks through their influence on the productivity of groups and individuals. It is analogous to other types of capital, so for instance, according to (Putnam, 2000, p. 19) "Whereas physical capital refers to physical objects and human capital refers to properties of individuals, social capital refers to connections among individuals – social networks – and the norms of reciprocity and trustworthiness that arise from them."

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There is no uniformly agreed definition of social capital, with variations by discipline and context, amongst other things. However, a distinction is often made according to whether the focus is on external or internal relations (see, for example, Adler & Kwon, 2002). Internal (exclusive, bonding or linking) social capital acts to reinforce group homogeneity and exclusive identities, bonding along one or more social dimensions. External (inclusive, bridging or communal) social capital encompasses people, bridging, across social groupings. However, it is important to understand that social capital cannot always be divided according to whether its focus is internal or external. Family networks, for instance, might be highly homogenous and reinforcing in religion, social class or ideology (internal social capital) whilst at the same time bridging across gender and age (external social capital). Further, whilst both types of social capital are associated with beneficial social effects, it is not the case that all the effects of social capital need be positive. For instance, the in-group loyalty associated with bonding or internal social capital (e.g., trust and mutual support) may create out-group tensions (e.g., ethnocentrism, NIMBYism or discrimination).

Though the early work of Hanifan (1916) had recognised the potential importance of social capital in education, it took until the late 1980s for the literature to gain momentum. There is now a large body of work on the role of social capital in education with arguments supporting a positive impact of social capital on education achievement (see, for example Anderson, 2008), as well as education being an important determinant of social capital (see, for example Alesina & Ferrara, 2000; Huang, Maassen van den Brink, & Groot, 2009; Putnam, 2000).

It is apparent that intergenerational aspects to the accumulation of social capital may exist as in the case of human capital accumulation. A vast literature exists exploring the determinants and implications of human capital, with much recent interest in intergenerational aspects such as the link between the human capital of parents and their children. A number of explanations have been put forward to explain the existence of a positive intergenerational relationship in educational attainment (see Brown, McIntosh, & Taylor, 2011). Firstly, it could be due to genetic transmission of ability, i.e., more able parents have more able children. Secondly, it could reflect a direct transfer of knowledge from parent to child, whereby parents with higher levels of education are more able to assist children with their learning. Thirdly, it could reflect the transfer of such things as self-confidence (e.g., see Filippin & Paccagnella, 2012). Alternatively, it may be due to economic factors such as income, providing, for example, books and private tutoring. In practice, it is likely that a combination of these factors leads to the observed positive relationship between parents' and children's human capital (see, for example, Blanden, Gregg, & Macmillan, 2007; Cunha & Heckman, 2007).

In contrast to the human capital literature, the relationship between parents' and children's social interaction is relatively unexplored in the economics literature. One might conjecture that if a child is brought up by parents who are socially active, then this may become the norm for the child. Indeed, in the context of the more general concept of social capital, Putnam (2000) remarks that "the parents' social capital... confers benefits on their offspring, just as children benefit from their parents' financial and human capital," (Putnam, 2000, p. 299). Similarly, Brown and Taylor (2009) argue that an intergenerational link between social interaction may exist whereby parental social interaction may be positively associated with their children's involvement in formal social activity, which in turn may be conducive to their human capital accumulation. As Coleman (1988) remarks, in a seminal contribution to the social capital literature, "there is one effect of social capital that is especially important: its effect on the creation of human capital in the next generation" (Coleman, 1988, p. S109).

In general, the existing research in this area is drawn from the sociological literature and has focused on social capital rather than social interaction and social skills. For example, Duncan, Kalil, Mayer, Tepper, and Payne (2005) analyse the relationship between 17 characteristics of mothers and their children using U.S. data, where the characteristics of parents and offspring are both measured during adolescence. One of seven domains explored relates to social activities such as church attendance. They highlight four mechanisms which may explain correlations between such characteristics of mothers and their offspring, namely: socio-economic resources; parenting practices; genetic inheritance, and role modelling, whereby the latter two explanations find relatively more support. In a similar vein, Vesel (2006) explores whether social capital is transmitted from parents to children using survey data relating to the Czech Republic. The empirical analysis, which is based on establishing correlations rather than causal relationships, suggests weak intergenerational transmission of social capital. Similar findings are reported by Jennings and Stoker (2004) relating to the intergenerational transmission of social trust. In contrast, Beck and Jennings (1982) report a strong correlation between parents' and children's civic participation in the U.S.

In the related economics literature, Guiso, Sapienza, and Zingales (2008) model the intergenerational transmission of priors about the trustworthiness of others within an overlapping generations framework. Following Dohmen, Falk, Huffman, and Sunde (2012), using the German Socio-Economic Panel (GSOEP), they report empirical evidence supporting a positive correlation between the trust of parents and their children by modeling the effect of parents' trust on their children's trust. Due to the limited availability of information on the key variables such as trust, which were elicited from parents and all their offspring who were aged 18 or over at the time of the interview, these two studies analyse information mainly drawn from the 2003 and 2004 waves of the GSOEP, and hence they are unfortunately unable to exploit the panel nature of the data.

Within the economics literature, using data drawn from the U.S. National Longitudinal Survey of Youth 1979, Okumura and Usui (2010) explore the effect of parents' social skills on their children's sociability. Respondents aged between 20 and 28 were asked about their sociability as a child such as the number of clubs they participated in