



Hidden human capital: Self-efficacy, aspirations and achievements of adolescent and young women in India



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ABSTRACT

This paper studies the role of non-cognitive skills like self-efficacy in explaining the education and employment aspirations and outcomes of adolescent and young women in Jharkhand, India. We find that self-efficacy is an important correlate of the educational and employment aspirations of these women, and ultimately, of their actual attainments. This suggests that such “hidden” forms of human capital may serve as critical targets for interventions aimed at altering young women’s educational and economic trajectories. We also examine factors that correlate with young women’s level of self-efficacy, and find that an “enabling” and supportive family and community environment appears to be important.

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1. Introduction

The existing literature extensively documents positive correlations between human capital and economic outcomes. Traditionally, such studies of human capital have primarily centered on assets that can be readily observed, such as physical health or documented educational attainment (see Deaton, 2003; Angrist and Lavy, 1999; Duflo, 2001; Miguel and Kremer, 2004; Nehru, Swanson, & Dubey, 1995; Baldacci, Clements, Gupta, & Cui, 2008). This provides a rather limited perspective in light of the broad definition of human capital as the stock of skills that the labour force possesses and is regarded as a resource or asset (Goldin, 2016).

Yet a mounting body of international evidence points to the importance of non-cognitive skills, especially among young people, in contributing to various outcomes ranging from academic performance during adolescence (Becker and Luthar, 2002) to earnings (see review in Goodman, Joshi, Nasim, & Tyler, 2015) and lower financial distress in adulthood (Kuhnen & Melzer, 2017). Non-cognitive skills are diversely defined by the literature, but they

broadly involve thoughts, attitudes, and behaviors that enable individuals to successfully interact with others and work productively towards things that they value while managing challenges and stressful life events.¹ Existing evidence appears to suggest significant benefits of higher non-cognitive skills in youth for later-life outcomes and opportunities. However, much of this evidence is obtained in the context of developed countries such as the United States (Cunha and Heckman, 2008; Heckman, Sixrud, & Urzua, 2006), Sweden (Lindqvist and Vestman, 2011), Australia (Carroll et al., 2009), United Kingdom, Germany, etc. The importance or relevance of non-cognitive skills in the context of poorer, developing countries remains unclear and requires further examination, especially given the significant binding constraints young individuals in such countries face in terms of access to education and labour markets to begin with.

This paper attempts to fill this gap by analyzing the relationship between non-cognitive skills and the education and labour market

¹ We use the term “non-cognitive skills” (like self-efficacy) to capture abilities that are distinct from the traditional measures of human capital like education and training. We acknowledge that this terminology is not perfect, as many psychologists argue that by definition, concepts like self-efficacy are cognitive self-evaluations and that most character traits considered as non-cognitive involve some form of cognition.

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aspirations and outcomes of female youth in India. Our focus is first on aspirations in these two domains as previous studies have argued that adolescent aspirations for the future are important predictors of adult attainment. Individuals with high aspirations are able to “visualize the future and engage in forward-looking behavior” (Dalton, Ghosal & Mani (2016)). For example, it has been shown that young people with high employment aspirations are more likely to enter a professional career in adulthood (Clausen, 1993; Mello, 2008; Schoon and Parsons, 2002; Schoon, Martin, and Ross, 2007). In contrast, a number of studies in Australia and the United Kingdom have identified a ‘lack of aspiration’ as being one of the key barriers to participation in further education for lower-income students (Bradley, Noonan, Nugent, & Scales, 2008; Goodman and Gregg, 2010; James et al., 2008). Hence, despite their subjective nature, focusing on aspirations may be argued to constitute the first step in analyzing the overall impact of non-cognitive skills on adult attainments. In addition, we also examine the relationship between non-cognitive skills and *actual* outcomes of young women in the education and labour markets, in order to complement our aspirations analysis.

The primary dimension of non-cognitive skills we focus on in this paper is self-efficacy. In social psychology theory, self-efficacy refers to an individual's self-belief that they can accomplish a given task and cope with life's challenges (Bandura, 1977, 1997). Self-efficacy has been recognized as an important constituent of psychological empowerment (Zimmerman, 2000) and regulates aspirations, motivation and, ultimately, achievements (Bandura, 1993). It can be manifested through various elements of personal behavior, such as how well a person perseveres in the face of adversity, whether they have an optimistic or pessimistic attitude about their future, and their will to engage in behaviors or tasks that may be perceived as challenging. In this paper, we use a global measure of self-efficacy rather than a task-specific measure given the relevance of examining the role of non-cognitive skills as they apply to a range of life domains. In addition, we also look at self-reported measures of hope/optimism as an alternative, though related, expression of non-cognitive skills.

We use a recent World Bank survey of close to 3000 adolescent and young women in the low-income Indian state of Jharkhand for the purpose of our analysis. It is a well-known fact that like many other outcomes, education and employment outcomes of women in India lag those of men – in part due to unequal access of women to such opportunities, but also due to gender attitudes that often dampen women's aspirations in these domains. This is particularly true in the northern part of India, including Jharkhand, where patriarchal norms are strong and deeply entrenched. Hence, Jharkhand provides a unique opportunity to explore the role played by individual non-cognitive skills like self-efficacy in explaining such low aspirations and outcomes of female youth in India, as well as assess whether such skills, when enhanced, may potentially outweigh negative social attitudes to ultimately boost female outcomes.

Our key findings are as follows: Firstly, self-efficacy appears to be one of the key correlates of aspiration among young women (aged 15–24) in Jharkhand, both for education and employment. A one standard deviation increase in a standardized self-efficacy score is associated with a 0.73 increase in the number of years young woman desires to study and a 7 percentage point increase in the likelihood that she aspires to be engaged in paid employment outside home as an adult.

Secondly, we also find that self-efficacy is significantly correlated with actual education and employment outcomes. However, the effect of self-efficacy disappears once aspirations are introduced into the model. Taken together, these results suggest that the importance of self-efficacy for actual education and employ-

ment outcomes is largely mediated through increased aspirations. In addition, knowing other successful businesswomen and feeling connected to the broader social network play important and independent roles in facilitating education and employment outcomes of these young women.

Finally, in terms of key correlates of self-efficacy, we find that individual and household-level factors like age, previous training experience, and an “enabling” environment i.e. one where girls enjoy family/social support, feel connected and have educated parents and other successful role models to look up to, appear to be important.

Since this is a cross-sectional analysis, the results of this paper are not to be interpreted in any causal way. Instead, the aim of the paper is to identify key correlates of education and employment aspirations of youth in India in order to inform the design of interventions aimed at boosting their educational and labor market outcomes. Having said that, our results for self-efficacy and aspirations are robust to using an instrumental variables strategy to address problems of potential endogeneity (see Appendix B for details).

Our paper is related to two broad literatures. Firstly, it relates to the social psychology literature examining the role of non-cognitive skills such as self-efficacy in explaining an individual's life outcomes. For adolescents, boosting self-efficacy has been shown to have broad implications for various spheres ranging from academic achievement (Carroll et al., 2009), physical activity (Motl, Dishman, Saunders, Dowda, & Pate, 2007) to contraception use (Longmore, Manning, Giordano, & Rudolph, 2003), alcohol use (Watkins, Howard-Barr, Moore, Michele, & Werch, 2006) etc., career aspirations (Bandura, Barbaranelli, Caprara, & Pastorelli, 2001), unemployment and job satisfaction (Pinguart, Juang, & Silbereisen, 2003). However, most of this existing evidence is obtained in the context of developed countries. We contribute to, and extend, this literature by studying the importance of self-efficacy in determining adolescent aspirations and outcomes in a developing country context, India.

Secondly, our paper also speaks to the significant development literature on human agency and empowerment, and their associations with individual outcomes and development (e.g. Alkire, 2002; 2005; 2009; Alsop, Bertelsen, & Holland, 2006; Hoddinott and Haddad (1995); Ibrahim and Alkire, 2007; Kabeer, 1999; Quisumbing and Maluccio, 2003 etc.). Many of these studies draw from the human development and capability approach developed by Amartya Sen (Sen, 1992, 1993, 1999), where Sen describes agency and empowerment as “process freedoms” that “enhance the ability of people to help themselves and also to influence the world” (Sen, 1999). Definitions of empowerment and agency vary widely in the literature (Alsop and Heinsohn, 2005; Ibrahim and Alkire, 2007), but there is relatively less focus on unpacking the psychological underpinnings of these concepts, in particular agency (Klein, 2014). We contribute to, and extend, this literature by directly examining the relationship between such psychological dimensions of agency (e.g. self-efficacy) and individual outcomes using a quantitative approach. Such an exploration might be useful to identify effective interventions aimed at boosting individual outcomes (Alkire, 2009). Indeed, recent work in psychology has lamented the lack of rigorous evidence on what kind of psychological interventions may be effective in boosting individual outcomes (Wilson, 2011), while Haushofer and Fehr (2014) points out the pressing need for such evaluations, especially in the context of developing countries. To the best of our knowledge, only a few papers have recently made a foray in this regard: Blattman, Jamison, and Sheridan (2017) that combines psychological and cash-based interventions for criminally-engaged men in Liberia, Ghosal, Jana, Mani, Mitra, and Roy (2015) that studies the impact of mitigating psychological constraints on investment behavior of

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