



Pure ethnic gaps in educational attainment and school to work transitions: When do they arise?



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ABSTRACT

This article decomposes the observed gaps in educational attainment and school-to-work transitions in Belgium between grandchildren of natives and of women of “non-Western” nationality into (i) differences in observed family endowments and (ii) a residual “pure ethnic gap”. It innovates by explicitly taking delays in educational attainment into account, by identifying the moments at which the pure ethnic gaps arise, by disentangling the decision to continue schooling at the end of a school year from the achievement *within* a particular grade, and by integrating the language spoken at home among observed family endowments. The pure ethnic gap in educational attainment is found to be small if delays are neglected, but substantial if not and for school-to-work transitions. It is shown that more than 20% of the pure ethnic gap in graduating from secondary school without delay originates in tenth grade. Language usage explains only part of the gap in school-to-work transitions for low educated.

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1. Introduction

In Europe school-to-work transitions are much more successful for native youth than for ethnic minority youth. In 2011, the youth unemployment rate of non-EU-15 residents in the EU-15 was as high as 29% compared to 20% for natives.¹ In Belgium, the country of analysis, these figures attained 32% and 18%, resulting in a gap of fourteen percentage points, which is reported to be one of the largest in the OECD (OECD, 2008; Nonneman, 2012). This gap is particularly worrisome, since the higher incidence of

unemployment at the start of the career can induce long-lasting scars on the subsequent career development (see, e.g., Arulampalam, 2001; Gregg & Tominey, 2005; Mroz & Savage, 2006). Therefore, not surprisingly, the OECD (2010) calls ethnic minority youth a target group for intensive assistance. The question is whether this is the right response. It is if the observed unemployment gaps are induced by pure ethnic differences in behavior or by discrimination. However, if these gaps just mirror different family endowments that result in different levels of educational attainment and therefore in different labor market performances, then no specific measures for minority youth are required to eliminate this gap. Heckman (2011), for instance, argues that in contemporary American society the racial gap in achievement is primarily due to gaps in skills and that, consequently, by closing the gaps in skills, the racial gap disappears. According to this view discrimination in the educational system and in the

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¹ Source: Eurostat (Labor Force Study: Unemployment rates by sex, age groups and nationality). Youth is defined as individuals between 15 and 24 years old.

labor market are not an issue and policies need not be targeted to ethnic minorities but rather to providing support to disadvantaged families of all racial and ethnic backgrounds as early as possible as to enhance the skills of their children.

School attainment and early labor market outcomes of immigrant youth have been studied amply in the literature. Researchers have mostly focused on a single or a couple of educational or labor market transitions in isolation from related transitions, such as the decision to enroll in tertiary education (see, e.g., Hagy & Staniec, 2002), the probability of succeeding the first year at university (see, e.g., Ortiz & Dehon, 2008) or the probability of a successful transition to work (see, e.g., Eckstein & Wolpin, 1998; Pozzoli, 2009; Ryan, 2001). A problem with this literature is that analyses that ignore the dynamic sorting that takes place in the educational progression are biased. Cameron and Heckman (1998) show this formally. Intuitively, this bias is brought about by the progressively growing negative correlation between observed endowments, such as the parental educational attainment, and unobserved endowments because pupils with adverse observed endowments pass the final evaluation at the end of a particular grade and continue schooling only if their unobserved endowments are sufficiently favorable. This biases the coefficients of the observed endowments downwards and more so as one proceeds to higher grades.

Cameron and Heckman (2001) explicitly address this selectivity problem by modeling, beyond the maximum compulsory school age, the decision to drop out in each school year as a dynamic discrete choice model that explicitly takes into account unobserved determinants of this decision that can generate the aforementioned sorting. Based on this model they investigate the sources of racial and ethnic disparity in college attendance. They find that the racial gap in educational attainment is eliminated or even reversed once they adjust for differences in parental background and family environment.

These conclusions are not only relevant for the US. For instance, based on a version of the model of Cameron and Heckman (2001) that disregards the age dimension, Belzil and Poinas (2010) report that the gap in higher educational attainment between second generation immigrants and natives in France is mainly explained by family background. In addition, these authors study the gap in the school to work transition and find that the gap in access to permanent employment is nearly completely closed once both family background and educational attainment is conditioned upon. Colding (2006) and Colding, Husted, and Hummelgaard (2009) also disregard the age dimension but extend the model of Cameron and Heckman (2001) by taking into account that students need not only to decide whether they continue education beyond the current grade level, but also, if they proceed, in which branch (e.g. academic or vocational). They estimate this model on Danish data. Their results corroborate previous findings that family background is an important determinant of educational outcomes, but also demonstrate that differences in endowments alone do not explain the observed gap in educational attainment between natives and ethnic minorities in Denmark.

In this paper we follow this line of research to study to what extent the ethnic gap in educational attainment and in school-to-work transitions in Belgium can be explained by observed family endowments or whether a residual pure ethnic gap, reflecting differences in behavior and unobserved endowments, or discrimination, remains present. Our analysis is based on a retrospective survey taken at age 23 of a representative sample of three cohorts born in 1976, 1978 and 1980, living in Flanders, the Northern Dutch speaking region of Belgium. It contrasts natives to grandchildren of women of “non-Western” nationality, born in Belgium or immigrated prior to age three. The latter selection avoids that the pure ethnic gap partly captures the effects of additional barriers that recent immigrants face (see, e.g., Colding et al., 2009).

We contribute to the literature in a number of ways. First, in the past researchers have studied ethnic gaps in the attainment of particular levels of education, such as secondary school completion or college entry, irrespectively of the age at which these levels are attained. However, since, depending on the educational system, youths can be retained at various points in the educational career, youths may attain these levels at different ages. This matters. Even if retention may improve educational achievement,² it is costly if it eventually induces pupils to enter the labor market with delay and if employers use it as a negative signal of productivity in their hiring decision. In this study we therefore explicitly take these delays into account both when measuring educational attainment, and by explicitly modeling them as outcomes and determinants of schooling progression. We show that conclusions crucially depend on whether or not delays are considered in the measure of educational achievement.³

Second, we propose a method to decompose the residual pure ethnic gap according to the moment at which this gap is generated. We do this by studying to what extent this gap diminishes by sequentially conditioning on prior levels of educational attainment. As such, critical grades of study can be identified in which the pure ethnic gap arises more prominently than in other grades. This can be a useful tool to get a better understanding where this gap originates from. In this study the data allow us to identify whether the gap originates in primary school or in any grade beyond age twelve. This is much earlier than in the literature so far that usually starts analyzing these gaps from around grade nine in secondary school.

Third, we move a step forward by disentangling the educational outcomes *within* a particular grade. Sociologists Boudon (1974) and Erikson, Goldthorpe, Jackson, and Cox (2010) argue that observed social class schooling

² Most studies actually find that retention has a negative impact on educational achievement (see Xia & Kirby, 2009, for a survey). Only Jacob and Lefgren (2004) and D’Haultfoeuille (2010) find short-term positive effects on educational performance.

³ Cameron and Heckman (2001) also implicitly model schooling delay since they allow schooling choices at particular grades to depend on age. However, they only take these delays into account for one particular outcome: the probability of being in grade nine or higher at age 15. For all other outcomes they consider the schooling outcomes at age 24, an age at which most schooling must be completed, irrespectively of schooling delays.

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