



The impact of education on intergenerational occupational mobility in Spain



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ABSTRACT

Intergenerational occupational mobility is a topic that has attracted considerable interest in the sociological and economic literature for developed countries. In particular, one of the central issues in political debate is the role of education on the intergenerational social mobility. The modern capitalist economies are characterised by continual technological changes which lead to the need of a highly skilled workforce. In this potentially meritocratic society, the equality of opportunities, the efficient allocation of talent and the education can be instruments that encourage the social mobility and decrease the effect of the parents' economic status on the career of their children. This paper takes into account these facts and sheds empirical evidence for Spain about the relationships between social origin, educational attainment and occupational destination. The methodology applied consists of the specification and estimation of discrete choice models, and the empirical analysis is based on data provided by the Living Condition Survey (LCS) conducted for the Spanish National Statistics Institute (INE).

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1. Introduction

The economic literature about intergenerational social mobility has focused mainly on the interrelationships between the economic status of parents and children. One of its main findings is that the degree of social mobility depends on various factors that are related to the economic success of individuals such as, for example, their decisions about the acquisition of human capital. Furthermore, the role of education has been enhanced in most developed countries during the last years because of the process of industrialization and the continual technological changes, which have lead to the need of a highly skilled workforce. These facts may encourage the appearance of a potentially more meritocratic society with more equality of opportunities and where the accumulation of knowledge is an instrument to achieve a more efficient allocation of talent. As a consequence, people from families with different socioeconomic levels could have similar chances of success in terms of expected income and upward career (Behrman & Taubman, 1990). Other factors related to the intergenerational social mobility are innate abilities arising from the association between the genetic endowments of parents and children, environmental factors such as the type of institutions, or the knowledge acquired by the individuals through their lifelong learning or their labour experience. On the other hand, the comparative advantages associated with heritable aspects, the transmission of occupation-specific skills or the type of educational investment can induce children to work in the same fathers' occupations, slowing down the intergenerational changes.

Social mobility has been analysed theoretically by the sociological and economic literature in the tradition of the Family Economy (Becker & Tomes, 1986). In this setting, the parents' utility depends on the children's utility, and this intergenerational link involves that parents choose how to distribute their income between consuming or investing in education for their offspring,

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which will have long run consequences on children's future income. Therefore, public policies play a relevant role for promoting social mobility through the improvement of the access to the human capital and raising the capacity to finance the education costs (Dutta, Sefton, & Weale, 1999).

Studies about intergenerational mobility can help to identify and to remove the obstacles to mobility, the rationality for breaking down such barriers is to get a better allocation of human skills and talents that increases the productivity and favours the competitiveness and the economic growth. Traditionally, economic literature have adopted diverse definitions of social mobility. On one hand, it is defined as movements up or down within the income distribution of children in comparison with their parents. The empirical research following this methodology obtains an intergenerational elasticity coefficient, which measures the correlation between parental income and offspring's income (see for example, Atkinson, 1981 or Zimmerman, 1992), and estimates transition probability matrixes to measure income mobility through different segments of the earnings distribution (Checchi, 1997). On the other hand, social mobility is analysed comparing the type of occupation reached by the children with respect to that of their parents. This last procedure has some advantages over the income analysis. Firstly, occupational mobility is more stable and causes persistent changes in earnings that are not necessarily related to the short-run variations in wages. For instance, Keane and Wolpin (1997) formulate a model to explain how the individual expected value of the lifetime earnings is maximised through the choice of an optimal sequence of occupations. Secondly, occupational category is a proxy of the socio-economic status since it compiles variables such as wages, educational attainment and talent. Moreover, occupational data across generations are probably more reliably reported by individuals than income data. For all these reasons, the analysis of occupational mobility adds economic interest compared to the study of earnings mobility. From an empirical point of view, some interesting works about this topic are, for example, Ermisch and Francesconi (2002); Hellerstein and Morrill (2011), and Long and Ferrie (2013). Ermisch and Francesconi (2002) using data from the British labour market analyse the occupational mobility between parents and children through the movements along the index of occupational prestige proposed by Goldthorpe and Hope (1974). These authors find that the intergenerational elasticity decreases as the parental social status increases. Hellerstein and Morrill (2011) examine changing intergenerational transmission from father to daughter in the US, by focusing on the occupational status. They obtain that the probability that daughters and fathers had the same occupation was increasing along the 20th century. Finally, Long and Ferrie (2013) identify the historic differences in intergenerational occupational mobility between Britain and the US from the beginning of the 1850s, finding that the US had more intergenerational occupational mobility in the three decades after 1850 than either Britain or the actual US.

For Spain, the lack of suitable data has limited the study of intergenerational social mobility. However, it is possible to highlight several interesting studies. A first group has analysed the intergenerational social mobility in different ways. Carabaña (1999), using data from the Socio-Demographic Survey, concludes that the degree of intergenerational occupational mobility in Spain is higher than in Germany and United Kingdom, lesser than the EEUU and similar to France. Sánchez-Hugalde (2004) analyses the mobility social from the standpoint of the education and the income through the information collected from the Family Expenditure Survey. Her main results are that educational intergenerational mobility in Spain is similar than other European countries and that income mobility between parents and children has increased during the 80s. More recently, Cervini-Plá (2014) estimates the income mobility in Spain, using the Living Condition Survey. She finds that intergenerational income mobility in Spain is similar to France, lower than the Nordic countries, and higher than the EEUU. Moreover, compared to other Southern European countries, the Spanish society is more mobile than the Italian one.

This paper intends to shed new empirical evidence of the intergenerational social mobility in Spain, analysing the movements along the occupational scale of children with respect to their parents, and taking into account other relevant factors such as the educational background of the individuals. The methodology applied consists in the specification and estimation of multinomial logit models and the data used come from the Living Condition Survey provided by the Spanish Statistical Institute (INE). In particular, the annual module dedicated to the study of the transmission of intergenerational poverty corresponding to the year 2011 is used. This survey is useful for the purpose of this study, because it offers information on the occupation of parents and children in the adulthood. In this way, the problems of sample selection are solved since the comparison between fathers and offspring is made mainly for children not living with their parents. On the other hand, the type of occupation is answered for all individuals, solving the drawbacks that arise when intergenerational social mobility is only analysed through the wage of workers. To the best of my knowledge, the methodology of this research applied to data from the Living Condition Survey is unprecedented in the literature discussing Spain.

The remainder of the paper is organised as follows. Section 2 presents the theoretical background and the hypothesis. Section 3 describes the data and examines the intergenerational occupational mobility from a statistical point of view. Section 4 shows the econometric model proposed, whereas Section 5 discusses the research findings. The main conclusions are summarised in Section 6 and, finally, an appendix with some statistic information about the variables used in the estimates is included.

2. Theoretical background and hypothesis

This study is an empirical research that analyses the influence on a set of covariates on intergenerational occupational mobility through the specification and estimation of an econometric model. Therefore, the first hypothesis of this investigation is that social mobility in Spain is not a homogenous phenomenon among individuals and depends mainly on their personal and labour characteristics. The explanatory variables included are: the highest degree of education completed by the individual (that is, his/her educational attainment), gender, geographic origin (individuals are classified depending on their country of birth: Spain,

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