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Does residential mobility improve educational outcomes? Evidence from the Netherlands $\stackrel{\text{\tiny{}?}}{\approx}$

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ABSTRACT

This paper explores the impact of residential mobility on educational outcomes. By considering a large Dutch city with substantial internal residential mobility, we examine how residential mobility influences the decision of students to drop out of school. The paper exploits a rich administrative dataset with extensive information on educational, individual, family, housing and moving characteristics of students. It combines a matching design with a multivariate regression analysis, such that the evaluation draws on a well-comparable control group for the treated students. Accounting for individual, family, educational, neighborhood and housing characteristics, as well as for school and year fixed effects, we observe that residential mobility increases the probability of school dropout in the first few years after moving. The estimated effect changes, however, to a lower risk of early school leaving after an initial period, and then changes again to a higher risk after 6 years. This effect remains, regardless the level of education the students attended, or whether the student moves to a better or a worse neighborhood.

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1. Introduction

Residential mobility is a frequently occurring phenomenon, which might take place due to several reasons, such as change of jobs, marriage or divorce, addition to the family, or simply because people want a large house. Previous literature has shown that people's economic situation or education level influences residential mobility, welfare and other forms of social mobility (Boschma and Fritsch, 2009; Haveman and Smeeding, 2006 and references therein). However, the effect of residential mobility on educational outcomes attracted only limited attention of scholars. This is mainly due to serious methodological issues. Measuring the causal effect of residential mobility on (educational) outcomes is for most settings difficult due to endogeneity issues arising from unobserved characteristics. The latter arise as individuals with residential mobility are likely to have other (observed and unobserved) characteristics and backgrounds compared with individuals without social mobility. By exploiting a setting in which residential mobility can be naturally observed and in which a proper control group can be defined, this paper constructs evidence on the causal effect of social mobility on educational outcomes.

The literature makes a distinction along different types of social mobility, including intergenerational mobility (e.g. Checci and Flabbi, 2007; Werfhorst van de, 2002), occupational mobility (e.g. Kambourov and Manovskii, 2009), financial mobility

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(e.g., thanks to winning lotteries), intellectual mobility (e.g. Burt, 2011) or residential mobility (e.g. Gasper et al., 2010). This paper focuses on the influence of residential mobility on education outcomes. Earlier literature is inconclusive on the sign and magnitude of this effect, mainly because the reasons for residential mobility are diverse. Positive effects of residential mobility on education have been related to the upward economic mobility after World War II (Gasper et al., 2010; Rossi, 1955), whereas harmful effects are argued to be caused by 'forced' mobility due to unstable families and divorce (Amato, 2000; McLanahan and Sandefur, 1994; Morrison and Coiro, 1999; Speare et al., 1975). Besides on education, the impact of residential mobility has been explored on health (Larson et al., 2004) and adolescent delinquency (Gasper et al., 2010), for which in both cases negative correlations have been observed. Using the longitudinal data of the National Education Longitudinal Study (NELS), Swanson and Schneider (1999) made a distinction between residential mobility and school mobility. They observed that both residential and school mobility are associated with higher rates of early high school dropout.

Earlier literature on the influence of residential mobility on educational outcomes has some serious flaws which this paper aims to tackle. First, endogeneity issues arise in many studies as social mobility and educational outcomes might be affected by common unobserved characteristics (see e.g. Gasper et al., 2010). In other words, residential mobility is not random among individuals. Tucker et al. (1998) avoid this endogeneity issue by making the analysis conditional on the family structure (e.g., divorced, two-parents). In doing so, they assume that the reason for the move is homogeneous within a family type. In contrast with Tucker et al. (1998), our study accounts for non-random residential mobility by conditioning on a wide set of individual and family characteristics in a matching design. This is a more comprehensive approach as we include all households who move in a certain year (and thus avoid selection and the necessity of strong underlying assumptions) and construct a proper control group such that the results can be interpreted in a causal way.

More precisely, to identify the effect of residential mobility on educational outcomes, we proceed in two steps. In a first step, we construct for the students with residential mobility in 2005 (i.e., treated students) a matched sample of students without residential mobility (i.e., untreated students). By matching on a wide range of observed characteristics from a rich data set, we argue that also the unobserved characteristics are similar for the matched sample. In a second step, we estimate by a simple multivariate regression analysis how the treatment status influences the education outcome status. The identification strategy allows us to study the following research question: *Are the education outcomes for students with residential mobility different from the counterfactual students in the matched control group?*

A second issue in the previous literature arises from the diversity of educational outcomes. This study focuses on educational failure as an outcome. School dropout has been an important issue in national and international politics over the past decennium as it is a clear signal of an incomplete educational process. Within Western countries, governments aim for a significant reduction of early school leaving (e.g., The Horizon2020 Agenda within the EU, the No Child Left Behind Act in the US). By focusing on early school leaving as an outcome variable, we study the most disadvantaged students who are heavily 'at risk'. For similar people with poor educational outcomes, the influence of social mobility can be most prevalent. Due to our focus on school dropout, the paper is close to earlier work by Astone and McLanahan (1994) who explored to which extent residential mobility among non-intact families leads to school dropout. They observed that "as much as 30% of the difference in the risk of dropping out between children from stepfamilies and children from intact families can be explained by differences in residential mobility" (p. 576). Our paper differs from Astone and McLanahan (1994) as we do not focus on households with negative decisions for residential mobility (e.g., due to a divorce), but on the contrary on both negative and positive decisions for residential mobility. We argue below that we can make this distinction by exploiting mobility in a city with clear and strong internal migration patterns.

Third, social mobility in general and residential mobility specifically are often imprecisely measured in the previous literature, giving rise to measurement errors. This paper draws on rich and unique administrative data, including neighborhood and housing information (e.g., house value and ownership). The advantage of focusing on residential mobility is that for each student a sound and uniform definition of social mobility emerges. Moreover, the data arise from a new town (i.e., a town specially constructed for low and medium income households at commuting distance of a large town) in which residential mobility is common and highly valued. Moving to another neighborhood with higher housing values is in the case of this new town perceived as an improvement in social hierarchy and, thus could be perceived as upward mobility (see Section 3 for a discussion).

We believe that residential mobility can change educational outcomes in the short run (i.e., reduce early school leaving) by three mechanisms. First, by moving to a new neighborhood, the student experiences the influence of new peers (see literature on peer and neighborhood effects, e.g. Black et al., 2010; Clark et al., 2012; Sharkley, 2012; Sharkley and Elwert, 2011; Staff and Kreager, 2008), which can work both positive and negative, depending on where the student moves. Second, by moving to a different neighborhood, the direct shock of moving and large changes can increase the chance of dropout. On the other hand, depending on where the student moves, moving into a new neighborhood might also allow students to 'dream' about a better position in life, motivates them for schooling, and can trigger changes in the student's aspirations and behavior, which can have an influence on educational outcomes. In the long run, however, it could become clear that the better position in life that the student dreamt about is not happening, and the student could fall back to his/her old habits, regardless of the peers. Third, the decision to dropout may be motivated by the different skills associated with an education tract (e.g. vocational education, general education or pre-university education) and the labor market returns to those education tracts. As there is not much mobility between education tracts in the Netherlands, this lead to a negative effect of residential mobility.

The main outcomes of this paper indicate that, while controlling for individual, family, educational, neighborhood and housing characteristics, as well as for school and year fixed effects, we observe that residential mobility increases the risk

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