Education and social capital: empirical evidence from microeconomic analyses
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Citation for published version (APA):
Huang, J. (2010). Education and social capital: empirical evidence from microeconomic analyses Amsterdam: Thela Thesis

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Download date: 13 Dec 2018
Chapter 7

Conclusions

Social capital is considered an important asset for individuals, groups, communities and society because it is related to individual health and socio-economic status, and it affects the crime rate, social cohesion, and social welfare. Education is commonly considered as one of the most important determinants of individual social capital. The extent of the effect of education is, however, an under-studied topic. The purpose of this dissertation was to provide a detailed description the formation of individual social capital and the role of education.

The meta-analysis in chapter 2 showed that one standard deviation of years of schooling accounts for the change in individual social capital by 12-16 percent of the standard deviation in each of its two dimensions: individual social trust, and individual social participation. Gender differences play a role in the mechanism by which education affects social capital. Schooling endogeneity is a critical source of variation of study estimates of social participation, but it does not have any impact in study estimates of social trust. In the meta-analysis, the size of the schooling effect varies with the level of education. Effect sizes are significantly higher for people with a college degree or above. Source of data, controlling for a reciprocity mechanism between the two dimensions of individual social capital, and controlling for the relative effect of education, all turn out to influence the estimates of educational returns.

In order to provide more information on the return to schooling on individual social capital, the one-factor model and the single treatment model are applied to the data set of National Child Development Study (NCDS) to explore the causal relations between social capital factors in early childhood, education and social capital in adulthood, with emphasis on the problem of education endogeneity.

The one-factor model evaluation was performed in Chapter 3 as a reference study. This evaluation suggested that family relations in early childhood are critical in the generation of social capital and education. Schooling has a significant and positive effect in building social trust. There was no convincing evidence from the evaluation to support the positive role of education in promoting social participation involvement, and the estimates were negative in the IV regression model. Education endogeneity turned out to be a major cause for the upward bias in the simple regression model. A further analysis with adolescent information confirmed
that unobserved personality traits and abilities simultaneously affect both education and social participation outcomes.

Chapter 4 provided an illustration of the control functions probit (CFP) and the bivariate probit (BVP) methods and justified the application of these methods in tackling the endogenous relation between a binary treatment variable and a binary outcome variable. The simulation practices showed that the BVP method produces a consistent estimator in this framework, while the CFP method produces an approximate of the bivariate probit estimator at a considerably lower computational cost. These two methods are major approaches in the single treatment framework to isolate the real effects of education on individual social capital from the influence of confounding variables.

Chapters 5 and 6 quantified, respectively, the causal effect of college education on social trust and the causal effect of higher education on membership of voluntary groups. The evaluations based on the single treatment models produced qualitatively similar conclusions to the evaluation based on the one-factor model. These evaluations share the finding that education is a key factor in augmenting individual social trust, while it is not necessarily a positive determinant of the female voluntary participation level in the long term. The single treatment models and the one-factor model also produce identical conclusions on education endogeneity. However, these evaluations did not offer evidence to support the finding from the meta-analysis that college or higher education is more efficient than lower education in developing social trust and promoting social participation. The effect size of the return to a marginal year of schooling from the single treatment evaluation of college/higher education is similar to the effect size obtained from the one-factor model evaluation of schooling years in Chapter 3.

Chapters 5 and 6 examined the potential gender difference in the relation between education and social capital. It turned out that education posts much higher returns for men than for women on both dimensions of individual social capital. The education effect is even negative for women in the study of membership of voluntary groups, whilst there is a strongly positive estimate for men in the studies of social trust and social participation. These findings are consistent with the conclusions from the meta-analysis in Chapter 2 on the gender-specific effects of education.

The analyses in Chapter 5 indicate that college education experience has a direct and lasting effect on the two basic dimensions of individual social trust – individual perception of social environment, and individual moral values. The investigation suggests that social trust as a perception of social uncertainty and fairness is strongly correlated with social
development, and with individual standing in the social environment. It was also confirmed that economic status is an intermediate outcome on the causality from education to the formation of social trust.

The analyses in Chapter 6 indicated that the gendered patterns of workforce participation and social participation are important factors for the divergence in the transitions of higher education and social participation behavior in Western countries. High-educated women are more motivated than low-educated women to pursue economic independence and enter the workforce. The changing gender attitudes and the rapid entry of women into the labor force weaken the role of social participation in achieving personal values and fulfilling social responsibilities. Since women are traditionally the main force in the voluntary sector related to community services, the level of voluntary participation is not promoted by the increase of the education level over the population or by the increase of gender equality in higher education, as high-educated women are less likely to join voluntary groups.

Overall, the empirical findings in this dissertation reveal that schooling variance is a key source of variation in individual social capital outcomes, directly or indirectly. The associations between social capital outcomes and individual standing or bearing in society are not identical, especially when the gender factor is accounted for. Therefore, we observed substantial gender differences in the effects of education on social capital outcomes.

This dissertation suggests that intensification of labor force participation and the increasing economic pressure for two-career families are adversely impacting on both dimensions of individual social capital. Increased pressure from the workplace decreases satisfaction with the job, lowers perception of personal happiness, and diverts available time or energy away from voluntary participation. In this perspective, the social capital stock should benefit from a decrease in work intensity and overtime working. Policy makers can promote social participation by creating more jobs with less working hours and providing flexible working schedule without compromising gender equality in employment or female economic independence. Policy-makers can also contribute to the building of social trust by devoting efforts to achieving racial equality in the labor market and the fair distribution of social wealth.