

Intergenerational transmission of human capital

Human capital

Evidence with an alternative instrument from Thailand

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Abstract

Purpose – The purpose of this paper is to find the rate of intergenerational transmission of human capital and comparative schooling attainment between lower and higher income families using the labor force survey in Thailand.

Design/methodology/approach – Instrumental variable (IV) approach has been used in this paper. The author proposed an alternative instrument for parental education to identify the rate of transmission, which is the parents' cohorts' mean schooling in their respective provinces.

Findings – This paper found that the rate of transmission of human capital from father is higher than that from mother in Thailand. For both, the rate of transmission in Thailand is higher than that in the developed countries. In addition, it is found that children from lower income families are getting lesser education than those from higher income families in Thailand.

Research limitations/implications – This paper is used as an alternative instrument that could solve the endogeneity problem in the literature of intergenerational transmission of human capital.

Practical implications – The results of rate of transmission can help to make educational policies in countries like Thailand. It also could help the policymakers to evaluate and redesign the student loan scheme (SLS) in Thailand.

Originality/value – This study is used as an alternative instrument for parental education to identify the rate of transmission in an IV approach. This paper is the first to identify the intergenerational transmission rate in Thailand. In addition, it evaluates Thai SLS in an intergenerational framework.

Keywords Instrumental variable, Human capital, Inequality, Intergenerational transmission

Paper type Research paper

1. Introduction

Does parents' education boost the child education? This paper focuses on the intergenerational linkage or transmission of human capital from parents' education to child education. The education might be transmitted either through the nature (genetically transmitted) or nurturing of the child or both. The nature effects need to be controlled to find the nurture effect of intergenerational linkage, which is a challenging issue in estimating the intergenerational model. However, different identification strategies have been used in the existing literature to estimate the nurturing effect (see Section 2) because the intergenerational study of human capital is important in policy design, especially in educational reform policies. Thus, it has been widely discussed for the past few decades. For instance, policy regarding enrichment of only female education might not be beneficiary in the long run if the rate of transmission from mother is lower than that from father[1].

This paper contributes to the existing literature in four ways. First, we introduced an alternative instrument for parental education to estimate the model, which is parents'

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