

Inequalities in education and employability as indicators for human capital: Insights from the ESS

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OUTLINE

- **Introduction: beyond human capital theory**
- **Main theoretical assumptions and theses**
- **Data and measurement**
- **Inequalities in education**
- **Inequalities in employability**
- **Conclusions**

INTRODUCTION – BEYOND HUMAN CAPITAL THEORY I

- **Human capital theory** (Schultz 1961, Mincer 1984, Becker 1993) is important in emphasizing that:
 - education is a form of investment in individual human capital (HC);
 - HC may be perceived as a key to the economic growth.
- **However:**
 - HC looks at human beings mainly as means of production while they are also “the end of the exercise” (Sen 1997: 1960).
 - HC does not fully recognize that the investment in education may result in a social change alongside the economic one.
 - HC does not explain why different people need different investment to achieve the same outcomes and also why diverse people with the same level of education may have different income.
 - HC does not take into account the segregated labour markets where people, irrespective of their level of education, are allocated to particular jobs on the grounds of race, gender, or assumptions about class or caste (Unterhalter 2009: 211).

INTRODUCTION – BEYOND HUMAN CAPITAL THEORY II

- Inspired by Sen’s philosophy, in its 20th Human Development Report the UNDP introduced the Inequality-adjusted Human Development Index in order to capture the losses in human development due to inequality in health, education and income (UNDP 2010).
- According to Sen outcomes (“functionings”) are less significant than “opportunities” enabling people to achieve the life they value.
- Within this perspective the way and the extent to which human capabilities are realized are vital for a deeper understanding and measurement of human and social development.

AIMS

- *To highlight how Bulgarians fare with respect to others in Europe in terms of their HC/development.*
- *To show the heuristic potential of inequalities and their measurement as indicators of HC/development.*

MAIN THEORETICAL ASSUMPTIONS AND THESES - I

- For mutual enrichment of the perspectives of accumulation of HC and the expansion of human capabilities.
- HC of a given society is **more than the sum of individual capitals** since it relates to individual and societal preferences regarding equality of opportunities in all social spheres (see also OECD, 2001: 11).
- **HC is a dynamic phenomenon** which, on the one hand, is embedded in – and dependent on – the wider social conditions. On the other hand, individuals are not passive agents; the development of human capital depends on their activity to increase their resources.
- **Two types of indicators of HC:**
 - achieved outcomes (e.g. years of education),
 - inequalities in access and success (e.g. inequalities in access to higher education).

MAIN THEORETICAL ASSUMPTIONS AND THESES - II

- **Main thesis: Inequalities in education and employability are important indicators of HC because they capture the losses in human development in two respects:**
 - **Absolute** – inequalities have cumulative character: socio-economic inequalities lead to educational inequalities;
 - **Interactive** – the inequalities in education are associated with lower levels of other dimensions of human/social capital, for example, level of trust.

- **Inequalities, caused by socio-economic factors and related to:**
 - education,
 - employability.

DATA AND MEASUREMENT

Data: European Social Survey (ESS): 2006-2010

Methods: Descriptive statistics, Correlation & Logistic Regression analyses

Measures:

Educational Inequalities

- ❖ Inequality index (Koucký et al. 2010): $Inequality\ index = (2AUC - 1) \times 100$
- ❖ Modified version of the inequality index
- ❖ Inequity index = $\frac{\text{share of students with highly educated fathers among all students}}{\text{share of highly educated men 40-60 among all men of this age group}}$

Trust

- ❖ Impersonal trust

Employability

- ❖ Qualification mismatch (unemployment & vertical mismatch)
- ❖ Predicted probability of being mismatched

INEQUALITIES IN EDUCATION

- **Inequalities in access to higher education**
- **Impact of inequalities in education on other dimensions of human/social capital - level of trust**

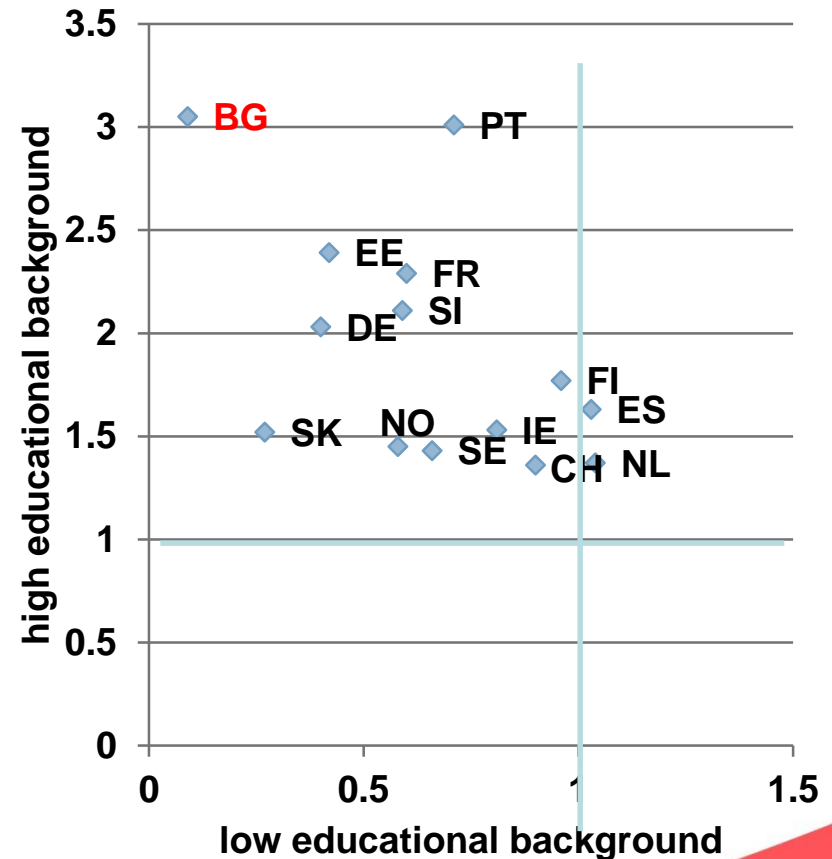
INEQUALITIES IN ACCESS TO HIGHER EDUCATION

Mod. Inequality Index
(born 1976/85)
Source: ESS 2006-2010

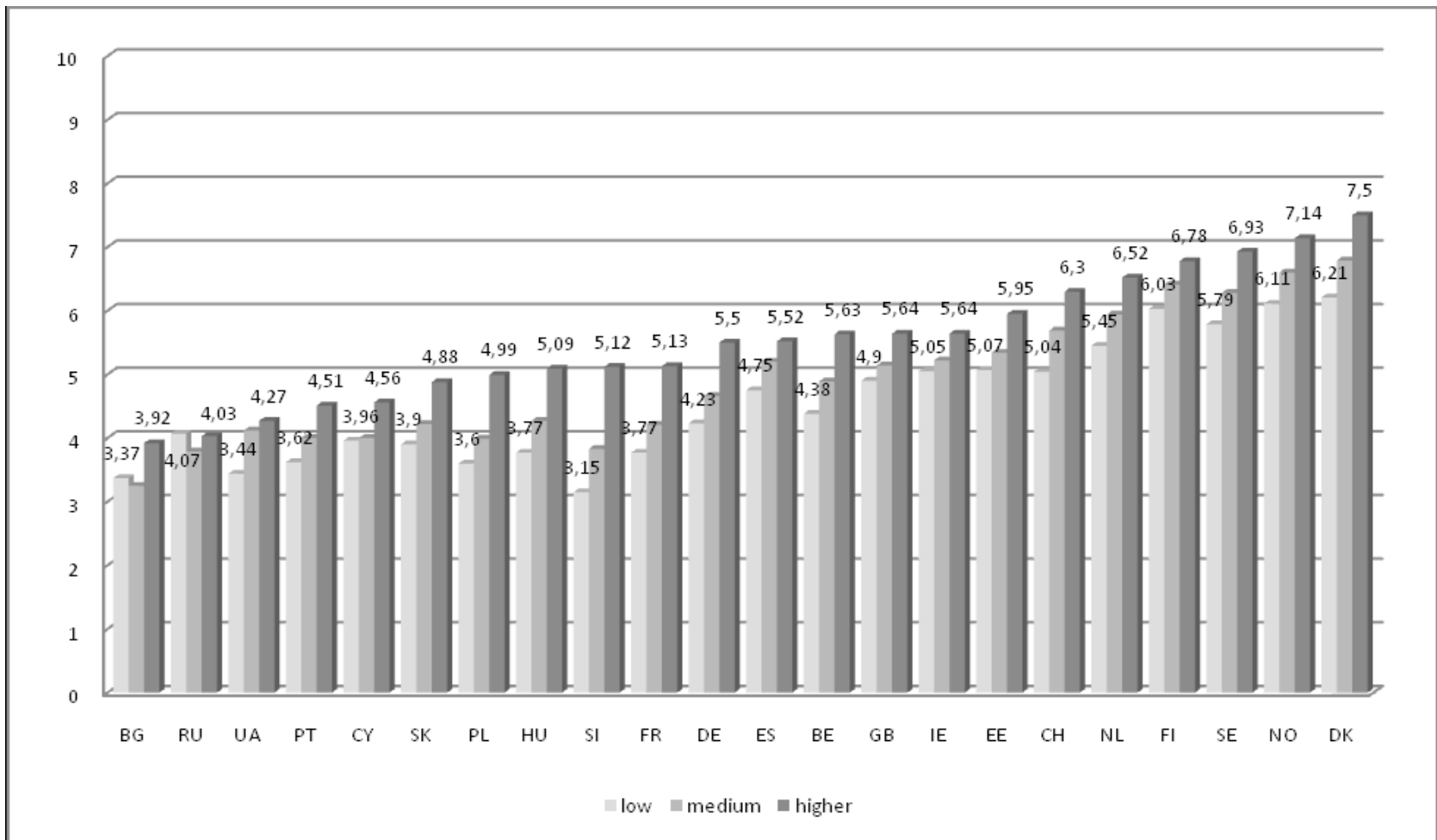
RU	28,9
SI	29,04
DK	33,36
FI	33,58
GB	34,82
DE	35,34
SE	35,92
NL	37,34
SK	40,46
ES	40,58
CH	42,58
CY	43,16
IE	43,32
PL	44,2
FR	44,32
EE	45,46
UA	45,58
HU	45,7
BE	49,76
BG	59,96

Inequity index

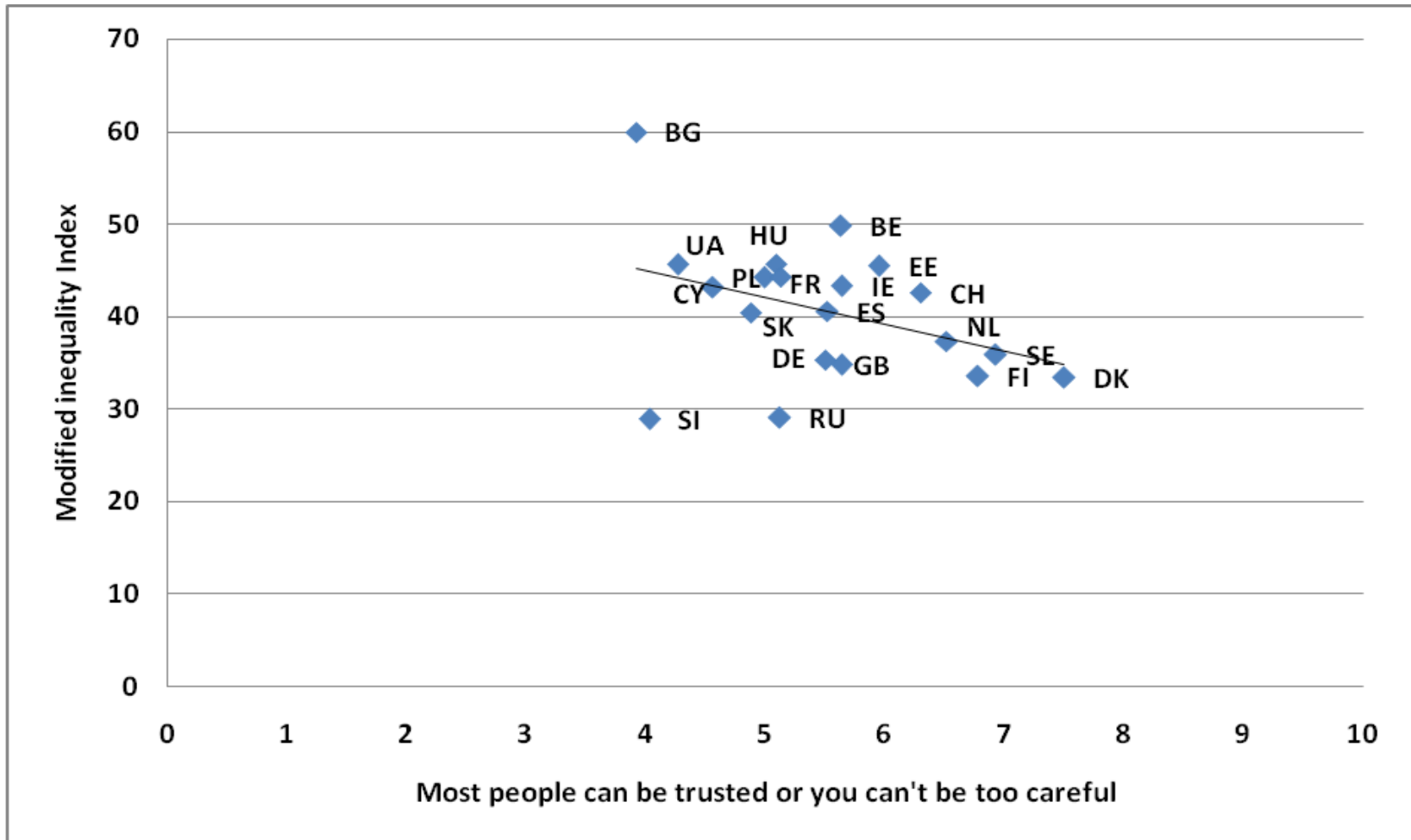
Source: Eurostudent 2007



IMPERSONAL TRUST IN 22 COUNTRIES BY EDUCATIONAL LEVEL (mean values), people aged 25-64; Source: ESS, 2006-2010 (own calculations)



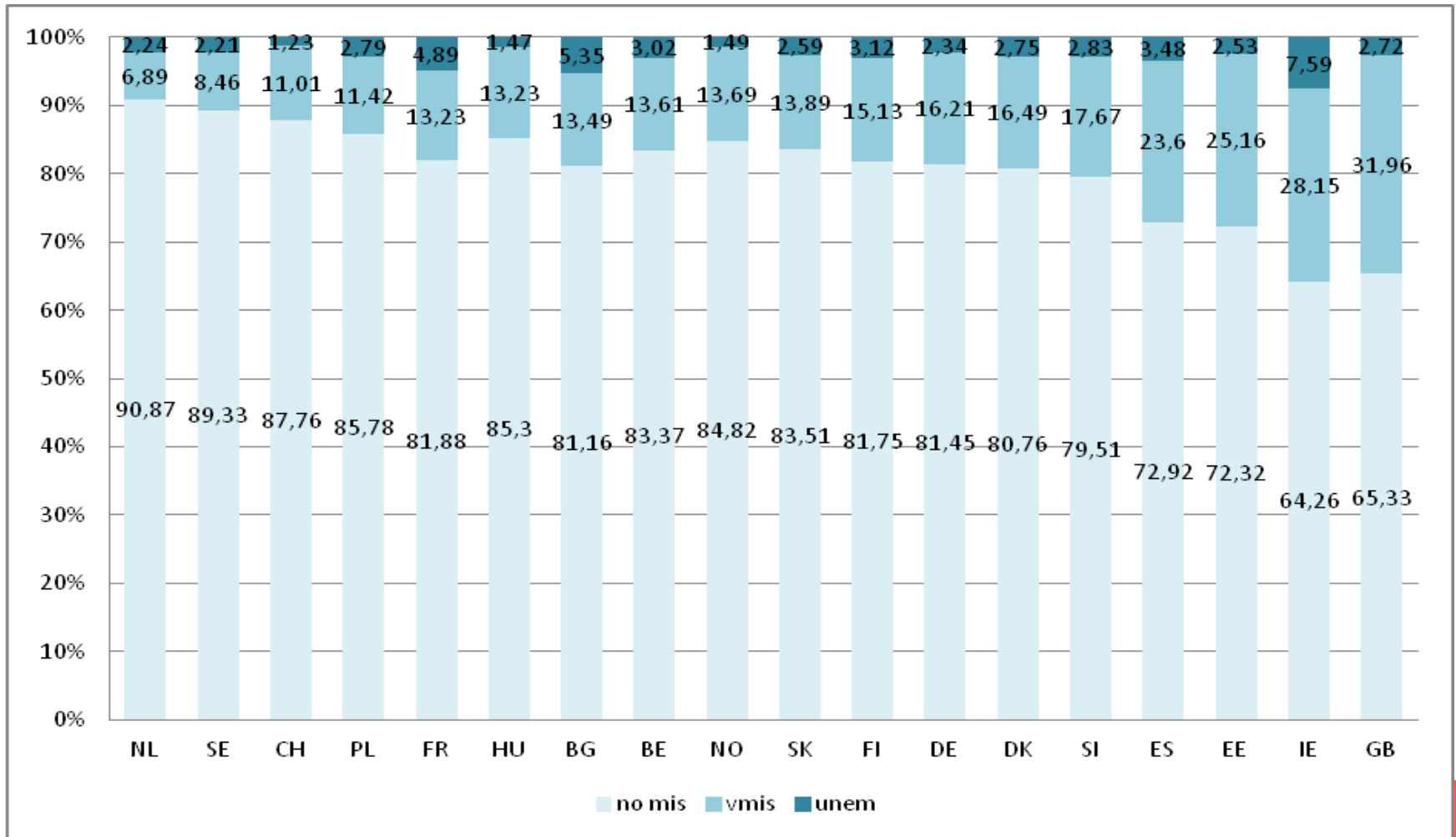
SCATTERPLOT OF IMPERSONAL TRUST ON HE GRADUATES AGED 25-64 (MEAN VALUES) AGAINST INEQUALITIES IN ACCESS TO HE FOR THE BIRTH COHORT 1976/1985 IN 20 EUROPEAN COUNTRIES. Source: ESS, 2006-2010 (own calculations)



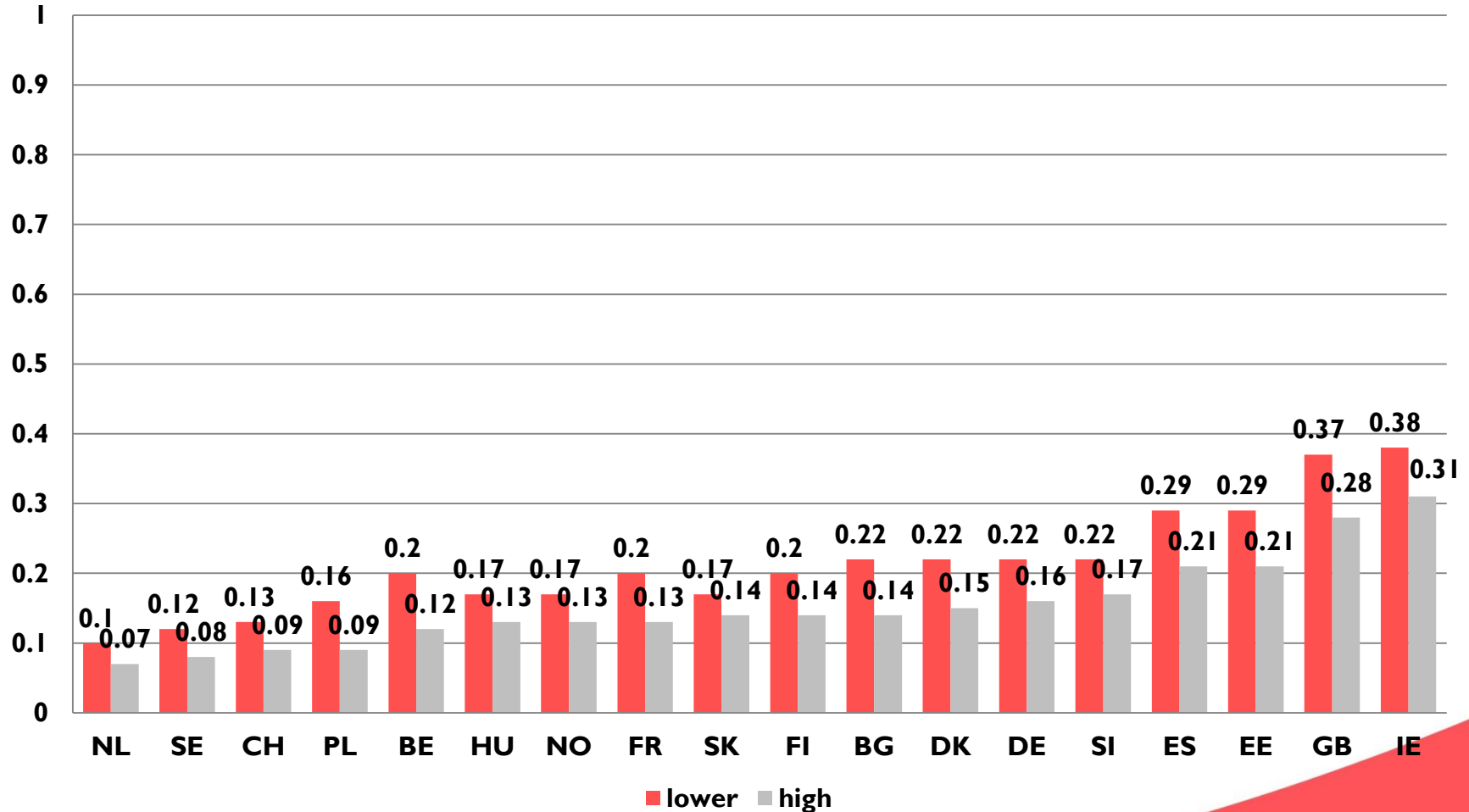
INEQUALITIES IN EMPLOYABILITY

- **LM situation of HE graduates**
- **HE graduates' predicted probabilities of being mismatched**

LM situation of HE graduates, aged 25-64 (18 European countries, 2006-2010). Source: ESS 2006-2010, own calculations



Predicted probability of experiencing qualification mismatch by socioeconomic background. HE graduates, aged 25-64 years in the LF (18 European countries). Source: ESS 2006-2010, own calculations sig. at <0.10



CONCLUSIONS - I

- **Inequalities in education and employability are important indicators of HC because they capture the losses in human development.**
- **Losses of HC/development in Bulgaria are due to socio-economic inequalities in education:**
 - ❖ Bulgaria is among the countries where inequity in access to higher education caused by socio-economic disadvantages is most salient.

CONCLUSIONS - II

■ Losses in HC are not only absolute but also interactional:

- ❖ The higher the educational level, the higher the level of impersonal trust of people.
- ❖ The lower the level of inequalities in access to HE in a given country, the higher the level of trust (which results in better social cohesion).

CONCLUSIONS - III

- **Losses of HC/development in Bulgaria are due to socio-economic inequalities in employability:**
 - ❖ Graduates with high socioeconomic background have lower probability of being mismatched (being employed in a non-graduate job or unemployed) than those graduates originating from families with lower socioeconomic background.

GENERAL CONCLUSIONS

- **Reducing inequalities in education and employability, caused by socio-economic factors, is a way to stimulate human development and raise HC.**

- **What does educational poverty mean?**
 - ❖ Educational poverty - the share of young people failing to reach minimum standards in education attainment and/or education achievement (EC, Education & Training Monitor 2015: 18).

 - ❖ We argue that educational poverty includes mainly losses in HC/development that are due to socio-economic inequalities.

- **The ESS is a valuable source of data for studying losses in HC/development that are due to socio-economic inequalities.**

ACKNOWLEDGEMENTS

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NEGOTIATE

Overcoming early job-insecurity in Europe



THANK YOU FOR YOUR ATTENTION!

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