

DISAGGREGATION AND NON-COGNITIVE INFLUENCES ON THE EMPLOYMENT AND EARNINGS OF THE LESS QUALIFIED

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Summary

There is growing interest in the role of non-cognitive attributes in the explanation of earnings, as documented by Bowles, Gintis and Osborne (2002). Particularly since Hamermesh and Biddle (1994) showed, for the U.S.A., the strong effect of “beauty” on both male and female pay, it has become clear that estimates of the returns to education may be biased when non-cognitive behaviour factors are neglected. Recently, using the National Child Development Study (NCDS) for Britain, Harper (2000) found that teachers’ past assessments of the attractiveness of individuals when aged 7 and 11, as well as adult height, weight and obesity, add some explanatory power to estimates of earnings at 33 when education and many family and other background characteristics are controlled for.

We use the NCDS dataset to investigate non-cognitive (and cognitive) effects of both employment choice and employed earnings of a relatively homogeneous group of British individuals who are without advanced (post-compulsory) academic qualifications. These individuals tend to suffer higher unemployment rates, and are a substantial majority of a British cohort born in 1958. By contrast, Harper (2000) included the full range of educational attainment, implicitly imposing restrictions on the impact of included regressors to be identical across the less qualified and the highly qualified. Compared to Harper (2000), we also include a broader range of behavioural indicators to capture individuals’ non-cognitive attributes. Other related work using the NCDS, by Blundell et al (2000) examined the returns to higher education by considering the minority of the cohort who had obtained some advanced academic qualifications, but without controlling for variations in individuals’ non-cognitive characteristics.

In contrast to most previous work on earnings, we also present integrated employment estimates (with the full range of non-cognitive variables), and we distinguish between employment, self-employment and non-employment. While separate earnings (and sometimes employment) estimates for females and males are standard, the aggregation of full-time and part-time females obscures some important differences between these groups. Thus, we adopt a four-state economic activity equation for females, and present separate wage estimates for the two categories of female employed.

