

# Intergenerational Correlations of Skills

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## Abstract

A number of studies have found that social skills (e.g., communication, interpersonal interactions, and leadership skills) are important determinants of labor market outcomes, including occupation and wages. This paper examines whether social skills are linked across generations; and whether a child's occupational choice is determined by his/her parent's abilities and personality traits. There are few studies on the intergenerational transmission of adult social skills due to a lack of data on parents' social skills. To resolve this problem, we use occupational characteristics from the Dictionary of Occupational Titles (DOT) to proxy for the parents' skills. Also utilized is the U.S. National Longitudinal Survey of Youth 1979 (NLSY79) and the U.S. Panel Study of Income Dynamics (PSID). A model of intergenerational skill following is presented. Subsequently, by constructing the appropriate measure of social skills, we find that social skills (also technical skills) link across generations. The correlation coefficient is computed, which measures the closeness of the direction of the multidimensional parent-child skill vectors. Skill correlation is found along the gender line. White sons earn a wage premium for working in occupations that require similar skills to their fathers; whereas, black sons incur a wage penalty. This implies a transfer of occupationally-related human capital for whites, but not for blacks. Evidence for nepotism is found, when sons earn a wage premium for working in the same occupation as their fathers.

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