

**“Who Stay in Family Businesses?:
An Inquiry into Educational and Occupational Choices of Young
Generations in Industrial Clusters in Northern Vietnam”**

Yuki Higuchi ¹ and Tetsushi Sonobe ¹

1. National Graduate Institute for Policy Studies, Japan

January 2014

Abstract

This paper analyses educational and occupational choices of young generations in Vietnam, where labour has been allocated in response to rapid economic growth as well as consequent educational development and changes in industrial structure. Based on our model in which altruistic parents influence educational and occupational choices of their child through transfer of wealth, we find that a child with more educated parents is more likely to choose the combination of high education and job outside family business while a child with less educated parents is more likely to choose the combination of low education and employment in family business. Choices of a child are influenced not only by parental educational attainment but also by parental behavioural characteristics, such as time preference, and parental wealth. We also find that parents substitute educational investment with transfer of business resources to support their child who chooses to stay in family business.

Keywords: Occupation choice; Labour allocation; Industrial cluster; Family Business; Vietnam

JEL classification: L60, O12, O15