

The Importance of Cognitive and Social Skills for Individual Unemployment

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This paper studies to which extent cognitive and social skills in childhood are associated with unemployment at the beginning of an individual's working life. The analysis is based on data from the National Child Development Study (NCDS), a cohort study that has been conducted in Great Britain since 1958 and contains information on individual employment histories and cognitive as well as social skills at age 7. I study the importance of skills for the duration of an individual's first unemployment spell by estimating a nonproportional hazard rate model. Moreover, the probability of experiencing unemployment until the age of 23 is explored. By using cognitive and social skills that were measured before the individuals entered the labour market, the analysis accounts for the issue of reverse causality between skills and unemployment. In addition, while research on skills and their impact on labour market outcomes often relies on self-assessments of personality and short tests of cognition, the NCDS dataset provides detailed measures on cognitive and social skills. Cognitive skills are obtained via tests on math, reading and general ability that were administered to the study children at school. As an objective measure of social skills, I rely on teacher assessments of the children's behaviour using the Bristol Social Adjustment Guide (BSAG). The results show that higher cognitive and social skills in childhood are associated with a lower probability of becoming unemployed until the age of 23. Moreover, the duration of an unemployment spell is shorter for men and

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women with higher cognitive and social skills at age 7, even after controlling for educational attainment. This suggests that skills acquired early in life are important factors for labour market success.