

The Influence of Social Capital on the Dropout Effect ¹

A Longitudinal Study of the Labour Market Outcomes of Early School Leavers in Germany

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Abstract

Early school leavers perform worse on the labour market than those that have completed their education. It is unclear to what extent this shortcoming can be compensated by resources other than educational credentials. We investigate to what extent social capital can help explain the labour market outcomes of dropouts in Germany. Social capital is differentiated in support networks and information networks, both with respect to family and non-family ties.

We examine whether for dropouts social capital helps in catching up with those who completed their education. We expect that both information and support networks positively affect the labour market outcomes of dropouts and non-dropouts. Furthermore, using the argument of bonding and bridging, we expect that information networks are more effective for dropouts than for non-dropouts. Support networks we expect to be more effective for non-dropouts than for dropouts.

For the empirical analyses, we use the 1984-2006 waves of the German Socio-Economic Panel Study (GSOEP). We find that both for men and women, social capital positively affects the likelihood to be employed, income and occupational status. However, social capital reduces the dropout-effect only for men with respect to their occupational status.

Key words: early school leavers, social capital, labour market, Germany, GSOEP.

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