

Wealth and Family Background in the Occupational Career: A Comparative Study

Philip O. Sijuwade

School of Urban and Public Affairs, University of Texas, Arlington, Texas

Abstract: Being born into a high status family confers an early advantage in school and when first getting a job and these advantages have enduring consequences. In addition, it confers a further advantage in mid-career. It is proposed that some of the early advantages stem from parents' wealth and other economic resources and that most of the advantage in mid-career is from these resources. Also, it is predicted the effects will be larger in a developing economy like Nigeria where economic resources are more unequally distributed. Findings in the Nigerian city of Ibadan support this theory.

Key words: High status, theory, lagged effect, mobility, linguistic skill, education

INTRODUCTION

Being born into a high status family is an enduring advantage. It helps in school and when first getting a job both have lasting consequences on a man's career. But that is not all even in the middle of a career, it confers a fresh advantage in addition to its early benefits and their later consequences. This puzzling advantage appears as Bernard and Renaud have shown under the disparate guises of counter-mobility and lagged effects of father's occupation and Bernard and Renaud present a new and interesting theory about it.

In this study, researcher propose some modifications to their theory and also extend it arguing that lagged effects should be larger in some types of society than in others. Bernard and Renaud and others have shown that family background exerts a small but real, lagged effect in two advanced industrial societies and since, such societies appear to have similar stratification systems this is probably true in others as well. But nothing is known about less-developed industrial societies like Nigeria. In this study, researcher presents new results on the Nigerian city of Ibadan located in the Southwestern part of the country.

Theoretical background: Bernard and Renaud argues that ideally two very different types of goods can be passed from one generation to the next. Inclusive goods are those that a father can give to his son without depriving himself linguistic skills, education and personal contacts are the most important. A father has no reason to keep these to himself and gives them to his son as soon as they are useful. Exclusive goods are those that can be held by only one person at a time, so a father deprives himself if he gives them away. Capital land and other economic goods are the most important examples but some political offices

(for example, mayor, chief, king) and some economic roles (for example, manager of a firm, owner of a professional practice) occasionally have similar characteristics. A father will usually not give exclusive goods until he no longer needs them for himself typically after he dies or retires, so the son will not reap any advantage for some time, typically until middle age. The inheritance of wealth and other exclusive goods explains the lagged effects of family background. As these advantages accumulate, the son's status more closely approaches his father's. But inheritances are usually small money acquired in middle age can rarely be used to buy a new career or further an old one and other exclusive goods are rare so, the effect will be small. Bernard and Renaud's theory is interesting and important but researcher believes, it requires modification and will argue:

- That some lagged effects are due to inclusive, rather than exclusive goods
- That the presence of lagged effects does not imply that the son's status becomes closer to his father's (nor is it in fact true)
- That fathers can be expected to provide some exclusive goods early in the son's life

QUALIFICATIONS

There are however, some important qualifications to the above argument. Some inclusive goods are an advantage not just at the beginning of a son's career but throughout. Education not only helps to get a durable first job but provides a clear additional advantage at every stage in a career; apparently the skills and ability to learn that education in parts are always valuable. If education is not explicitly included in the analysis, its lagged effects will appear as lagged effects of father's occupation. Many

other inclusive goods have similar effects. High status families often provide valuable linguistic and social skills and encourage high aspirations, drive, diligence, reliability and other traits which facilitate occupational success (Duncan *et al.*, 1982), they sometimes provide contacts, a recognized or trusted name and the like. These will often be an advantage throughout a man's career and unless they are explicitly measured their effects will appear as lagged effects of father's occupation.

The existence of lagged effects does not imply that the son is getting any closer to his to his father's status. A great deal happens between first job and mid-career. Some people are unlucky enough to find themselves in declining companies, industries or regions which offer few opportunities and many risks. Some prosper in jobs that suit their abilities and interests or allow them to acquire knowledge, skills and contacts that are valuable in the future; others are not so lucky. Some are diligent, motivated or just plain fortunate others are not. The effects of such chance events accumulate over a career. If family background only helped get good first jobs chance would dissipate the advantage as time went on. The lagged effects of family background tend to counteract this. But whether the advantage grows or declines whether sons get closer to their origins or gradually drift away, depends on which of the two conflicting tendencies is stronger. There is no prior reason to expect the lagged effects to be stronger.

It is rational for a father to deprive himself by giving his son wealth or other exclusive goods early in life whenever they are sufficiently valuable to the son. Fathers value their sons' success and well-being to some extent, perhaps half as much as they value their own. A father then maximizes his own utility by giving his goods away whenever they would be twice as beneficial to the son. That is often the case. First money has a diminishing marginal utility, so the last \$100 of a large income is not as great a benefit as the 1st \$100. If the father is rich or the son poor the last \$100 may be worth more than twice as much to the son and the father will make himself happier by giving it away this will be especially common when the son is young since then his income is lowest while his father's is highest. In all societies education is enormously valuable to the son (Treiman, 1997). Unless he is very poor, a father is likely to make himself happier by spending some of his income educating his son and of course, fathers routinely do just that. Second, there are a variety of other ways in which help early in a son's career can return great benefits in the long run. Parents can buy an apprenticeship, a partnership or a small business, subsidise him while he acquires experience or professional practice or they can simply provide credit. By offering

help in case of disaster they allow their son to seize opportunities and adopt innovations which are profitable but too risky for someone without backing. So, lagged effects could be small or entirely absent even when wealth or other exclusive goods are important in transmitting status from one generation to the next.

EXTENSIONS

In spite of these uncertainties, the basic thrust of Bernard and Renaud's theory seems sound. The provision of exclusive goods is probably a major source of the lagged effects of family background. Lagged effects are as Bernard and Renaud argue not very important in advanced industrial societies. Occupations can only rarely be purchased and sons cannot inherit their father's jobs in government and in the large bureaucratic organizations that dominate the economy. Since, wealth and the economy are largely under government control in socialist societies, exclusive goods should not be particularly important.

But they should be important in less-developed capitalist societies and in those advanced agrarian societies that have private ownership of land. Agriculture is important and farms can be purchased or inherited. Commerce and industry are so wide spread that viable business can be established or purchased family firms are common enough that an appreciable number of people eventually inherit their fathers' positions. Political and government positions are often sold quite routinely (Previan, 1983). In more primitive societies, exclusive goods should be unimportant. The kind of valuable and secure economic resources which allow a father to provide his son with an appreciable advantage rarely exist where they do exist they do exist they do exist they often cannot be inherited by individuals and must be divided among a very wide circle of theirs (Belshaw, 1995). The size of lagged effects also depends crucially on the way one is related to the next. It is useful to consider two ideal types. First in a qualification system, the language, education, training and background required to enter an occupation and perform successfully are required before beginning a job. Appropriate qualifications are a prerequisite for entry; training and experience on the job are unimportant. Jobs held in the past are therefore irrelevant for the future and since they have nothing to lose, people will change jobs readily. In such a system, all effects of family background will be lagged effects. Second in an experience system the skills, knowledge, experience seniority rights and the like that lead to occupational success are acquired on the job. This gives incumbents a marked advantage over outsiders,

encouraging them to stay in their current occupation (where they know the ropes) and making it hard for them to switch to other occupations (where they do not know the ropes) because of this there should be little change in occupation (changes in employers are another matter) over a career.

Family background therefore, cannot have much effect after the final job. Qualification and experience systems are of course ideal types and elements of each exist in any actual society. The relative importance of each is an empirical matter which depends on the traditions and policies of schools, government, unions and employers with respect to training, living, job security and promotions and on the nature and complexity of the skills required by the economy. But other things equal, I predict that lagged effects will be stronger in societies due to the qualifications type and weaker in those close to the experience type. In all, it has been argued that:

Hypothesis 1: The lagged effects of family background are most important in less-developed capitalist societies and where land is privately owned than in advanced agrarian societies.

Hypothesis 2: Lagged effects of family background are more important in societies where occupational careers approximate the qualifications model and less important where they approximate the experience model.

Hypothesis 3: There is greater inheritance of status in less-developed capitalist societies where land is privately owned and in societies where wealth and income are more unequally distributed.

MATERIALS AND METHODS

Ibadan, a city located in the Southwestern part of Nigeria, features both the traditional and modern ways of life with both a subsistence economy and an industrial economy (Awe, 1979; Mabogunje, 1989). Inequalities in education, wealth, language and life styles are very common. The data reported here were collected >12 months period in 1998-99 from a sample of 264 men and women. The completion rate was 100%, there were no refusals and information on the few men who were absent throughout the field work was obtained from relatives, friends or neighbors. Information was extensively cross-checked with other informants and government records. Occupations were coded into four categories. Education was coded in years of schooling. Occupation is highly correlated with economic position ($r = 0.58$) and other indicators of privilege and authority. Multi-stage probability sample designs was employed to choose the

samples. The United States data, representing advanced industrial societies are from Blau and Duncan's famous study. This is a large (20,000 cases) and excellent sample. Nonetheless for present purposes, these data are at least comparable to the others. There is no problem with education, coded in nine categories and scored sequentially from lowest to highest.

RESULTS AND DISCUSSION

Lagged effects in comparative perspectives: The general patterns of status attainments in the city of Ibadan follows a familiar patterns. Coming from a high status family confers a substantial advantage in education and partly because of that in occupation. The correlation between education and occupation are substantial in Ibadan and the United States. The direct effect that father's occupation has on son's first job is large in Nigeria. First job is by far the largest influence on current occupation (except for the United States where the measure of first job is problematic) and education is a distant second.

Father's occupation has a clearer lagged effects on son's occupation in Nigeria than the United States. The existence of lagged effects does not ensure that sons are getting any closer to their father's status. If it did, the correlations between fathers' and sons' status would increase as time goes on. But in fact the correlations between father's occupation and son's first job average (0.54) while those with current occupation average 0.56, a wholly insignificant difference which could easily be due to measurement error only Girod's data show an increase. In most societies, the random events in a son's career which tend to pull him away from his origins are almost exactly offset by the new advantages which produce lagged effects. In these respects, Bernard and Renaud's theory and much of the analysis on the counter mobility tradition are wrong. The lagged effects of family background appear to be more important in the developing capitalist societies like Nigeria. It should be noted that development is measured by the logarithm of gross domestic product per capita, it is closely related to other aspects of development. In Nigeria, the correlation between development and lagged effect is -0.29, this is in the predicted direction. The United States is deviant with a very high Gross Domestic Products (GDP) but a large (and highly suspect) lagged effect. Using a more plausible estimate for the United States (0.08) gives a correlation between development and lagged effects of -0.56 (significant at 0.05 level).

Ignoring the United States altogether gives a correlation of 0.86 (significant at the 0.05 level). So, on balance the data appear to support hypothesis 1. Lagged

effects of family background appear to be more important in societies where occupational careers approximate the qualification model and less important where they approximate the experience model. The correlation between first and current occupation is a very rough indicator of the importance of experience. First job is by far the largest influence on current occupation (except for the United States where the measure of first job is problematic) and education is a distant second.

In Nigeria, father's occupation has a clear lagged effect on son's occupation. It is generally small, averaging 0.08. The correlation between first and current occupation is a very rough indicator of the importance of experience. People rarely change occupation when experience is important, since it pays to stay where your experience is an asset and it is difficult to enter a new occupation in the face of experienced competition and the correlation between first and current occupation is therefore high. But it is easier to change jobs when qualifications are all that matters the correlation between first and current job is therefore lower given the imperfect link between qualifications and occupations.

Using this rough indicator, it appears that lagged effects are substantially more important in a society close to the qualification model. The correlation is 0.53 (significant at the 0.05 level excluding the United States). This supports hypothesis there appears to be more status inheritance in developing capitalist societies (Treiman, 1997). As usual, status inheritance was measured by the correlation between father's and son's current occupational status and development by the logarithms of gross domestic product per capita. For Nigeria, the correlation between status inheritance and development is -0.66. In the United States, status inheritance averages 0.51. On the whole then the data strongly support hypothesis 3. Privately, owned economic resources are central to my argument, linking development and status inheritance so, the link should only appear in capitalist societies and not in socialist countries.

A large status father is able to give his son an enduring advantage. How he does it is less than clear. Particularly puzzling is the new advantage, he is able to offer in middle age long after the son has finished his training and begun his career. Bernard and Renaud offer the interesting hypothesis that the advantage is from the inheritance of exclusive goods mainly wealth and secondarily offices, professional practices and the like. The fact that the advantage is larger in a developing capitalist society like Nigeria where personal contact over

business, jobs and capital is more common, supports their theory. But it is not the only possibility being born into a high status family gives advantages like ambition, diligence, contacts, reputation, social skills and the like which help at every stage of a career. Direct evidence is needed we must begin to ask people just how their family helped them when and to what end. Wealth is a major means of passing status from one generation to the next. Since, they care parents will sacrifice to buy their son particularly valuable advantages early in his career as well as later. They routinely pay for schooling but that is not all. They can buy an apprenticeship, a partnership or a business provide credit; subsidise their son while he builds up a business, develops a professional practice or acquires experience or insure their son by providing assistance if things go wrong which allows him to seize attractive but uncertain opportunities or to risk innovation. The evidence is indirect but not unpersuasive.

Advanced industrial societies are dominated by vast bureaucracies and huge corporations while opportunities to use money appear to be greater in developing societies like Nigeria.

CONCLUSION

It is in precisely, these societies that high status families are able to give their sons the great advantage in societies where the gap between rich and poor is large it is. Money buys status and it buys more in some societies than in others.

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