

# Early careers of tertiary graduates in Italy: the impact of family background

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## Abstract

The literature on intergenerational inequality usually considers educational attainments as the main channel through which parents' background influences children's earnings. However, recent studies (e.g., Raitano and Vona 2015, a & b) show that in more unequal UE countries (Italy and the UK) a residual correlation between parental characteristics and children earnings emerges when offspring's educational attainment is controlled for.

However, due to data limitations, previous research has analysed the association between proxies of parental status (e.g., education or occupation) and children earnings, because information on parents' incomes during the childhood were not available. Exploiting a recently built dataset for Italy that merges information provided in IT-SILC cross-sections (i.e., the Italian component of the EU-SILC) with detailed information about the working life of those interviewed in IT-SILC recorded in the administrative archives managed by the Italian National Social Security Institute (INPS), we can instead directly estimate the association between parents' and children's earnings in Italy during the first phase of children working career.

We aim at investigating whether the intergenerational transmission process is wholly mediated by formal educational attainments or, on the contrary, an additional "direct" influence of parental earnings on earnings of individuals with the same education emerges. To this aim, also in order to overcome some limitations of the used dataset, we focus on the subsample of tertiary graduates and follow their working career in the 6-year period after the graduation.

Interestingly, we find that the intergenerational association between parental and children earnings – using both intergenerational elasticity and rank to rank coefficients as measures of association – is always significantly higher than zero and an increasing trend of intergenerational elasticities during the individual career pattern emerges, and the results are robust to various definition of parental income. Therefore, our findings clearly confirm the existence of a "direct" and large influence of parental background on offspring earnings, in addition to the influence that the family of origin exerts through the educational channel.

Keywords: Intergenerational inequality, parental background, education, Italy.