

# Use of the human capital theory sociology



## Contents

- Selected Mentions:

Human Capital Theory advanced by Backer ( 1985 ) states that persons are rational existences. Therefore, they make picks to put in human capital ( i. e. instruction and preparation ) in order to increase their productiveness in their occupations thereby future net incomes. Persons with higher productiveness are rewarded with higher wage ( i. e. those who have invested in human capital will have higher rewards because pay is the wages given for the usage of labour productiveness ) ( Becker, 1985 ) . Similarly, it is assumed that as figure of old ages in work additions, it increases the degree of accomplishment through experience. Hence more experient workers will be more productive and will hold higher wage.

### **Selectivity Hypothesis**

The 2nd account for the matrimony premium is put forwarded by the Selectivity Hypothesis which states that work forces with higher net incomes and higher productiveness potency are likely to get married because they are valued more in the labour and matrimony market ( Backer, 1985 ; Ginther and Zavodny 2001 ) . Nakosteen and Zimmerman ( 1997 ) construe the observation of higher rewards for married work forces as an consequence of the mate choice procedure done by adult females.

Therefore, work forces with higher net incomes are more frequently selected for matrimony. For work forces, their likeliness of matrimony depends on their net incomes and some personal traits ( Chun and Lee, 2001 ) . The properties that lead to success in the workplace ( duty, honestness, dedication etc. ) convergence with the properties that lead to success in

happening and maintaining a partner ( Backer, 1985 ; Ginther and Zavondy, 2001 ) . As work forces with higher income are besides less likely to disassociate than those of work forces with lower income ( Waite and Galladher, 2000 ) , male with higher incomes are most likely to acquire married and when married, less likely to disassociate, hence likely to hold higher net incomes than single work forces. However, the Selectivity Hypothesis does not explicate why adult females are likely to be married. If high net incomes or fiscal security increases the value of work forces in matrimony market, the adult females with high net incomes or with higher productiveness potency are likely to postpone to get married or prefer not to get married. However, increasing classless gender-role attitudes may extenuate this hypothesis and as stated by Waite ( 1995 ) , there are other important benefits of matrimony for adult females.

### **Productivity Hypothesis**

This hypothesis is based on the function of traditional family specialisation or division of labour by sex where work forces are assumed to fall in workforce whereas adult females are assumed to travel in domestic labour. Therefore, work forces are regarded as more productive in labour market as they have spend more clip to their calling and labour market ends ( Chun and Lee, 2001 ) . Furthermore, married work forces have more commitment to their occupations, they are rarely fired and often promoted, and in add-on receive a larger portion of the net incomes distributed harmonizing to single public presentation ( Backer 1985 ) . Backer ( 1985 ) states that work forces have competitory advantage in labour market whereas adult females have competitory advantage in family work. In this respect, the single or individual

work forces have to specialise in both the labour market and family plants, which causes them to exercise more clip and energy. Waite ( 1995 ) besides suggests that married work forces are likely to be benefited from both economic and societal benefits.

This hypothesis is non able to explicitly explicate the matrimony premium for adult females. The empirical surveies that investigate the emerging grownups ' work and household committedness ( Brielby and Brielby, 1989 ; Brown and Dickman, 2010 ) reported that college work forces and adult females were every bit committed to work and household. Stickney and Konrad ( 2007 ) found that adult females with classless attitudes ( career-oriented and independent ) have significantly higher net incomes than adult females with traditional attitudes ( household oriented and dependent on their work forces ) . However, does matrimony increases the productiveness of adult females? Treas and Widmer ( 2000 ) province that married adult females likely to prefer to remain at place or parttime work one time they have preschool kid and they prefer to travel back to full clip work merely after the kids leave place. This discontinuance at work and penchant over parttime work may cut down the productiveness of married adult females. Some surveies observed that adult females are penalized for their maternity by undervaluing their competences and by paying lower get downing wages ( Peterson and Morgan, 1995 ; Corell, Benard, and Paik, 2007 ) . Byron ( 2010 ) besides suggests that pregnant adult females are penalized for their publicities and discriminated for firing. As married adult females at work are likely to be pregnant as of their maternity, they are likely to endure from low paid or unpaid plants.

Summarily, the single theoretical accounts emphasized the single degree features, like degree of instruction and preparation, work experience, and behavioural traits as factors act uponing net incomes inequality between married and single adult females.

## **2. 2 Structural Approach**

Structural attack believes that persons are shaped by the bigger constructions of society. Structural theories focus on the interrelatedness between the larger societal constructions or establishments of the society, and besides how these constructions and establishments affect persons in the society ( Ritzer and Goodman, 2004 ) . However, in structural linguistics construct, single is non the capable affair of analysis in both research and theory building, and psychological reading of human behaviours is non entertained in sociological apprehension ( Mayhew, 1980 ) . Therefore structural attack argues that net incomes inequality is a structural phenomenon, and it is determined by the organisations and organisational construction. The occupation places in organisational construction are based on an organisational hierarchy frequently proprietor, directors and workers, in falling order, where places towards the top receive higher rewards than places towards the lower hierarchy. Furthermore, Coverdill ( 1988 ) states that rewards are affected by the construction of the market where the company is runing. There are two theoretical accounts of the structural attack that explain the pay difference - Double Economy Theory and Segmented Labor Market Theory, which are explained below.

## **Double Economy Theory**

The double economic system theory assumes that the economic system is non homogeneous and, hence, can be divided into monopoly sector and competitory sector ( Gordon, Edwards, and Reich, 1982 ). Screening of a peculiar house in either of the class depends upon the nature of concern, size of the house, industrial location, and market concentration ( Tolbert, Horan, and Beck, 1980 ). In monopoly sector or concentrated markets, the company will hold high net income therefore employees in the monopoly sector earn higher rewards, have better benefits, more chances for mobility, and greater work satisfaction than employees in the competitory sector ( Reid and Rubin, 2003 ). In add-on, the monopoly sector requires a stable and trainable work force, which means instruction and work experience are the of import facets of deriving entry into the monopoly sector ( Coverdill, 1988 ). In contrast, the competitory market contains little houses with limited markets, low rewards, small or no preparation and accomplishments, minimum occupation security, and limited calling development chances ( Reid and Rubin, 2003 ). Hodson ( 1983 ) further provinces that monopoly houses have higher rate of unionisation than competitory houses which may take to higher rewards and greater benefits being provided to workers.

While associating these theoretical accounts with the matrimony premium, as married work forces are preferred by employers, married work forces are likely to be attracted to and employed by the monopoly sector so single work forces. The attractive force of married work forces in monopoly sector is besides linked with prestigiousness, higher wage and benefits. Coverdill ( 1988 ) states that adult females get more occupation chances in the

competitory markets than in the monopoly markets because of some institutional barriers created by houses in the monopoly sector. By understanding these accounts, and sing altering labour force and market constructions, single adult females are more likely to work in the monopoly sector and gain higher rewards so married adult females who because of their family duties are likely to be found in less challenging, flexible and parttime plants.

## **Segmented Labor Market Theory**

Another structural account for net incomes inequality is explained by the Segmented Labor Market theory. The theory states that there are different occupation markets and different occupation professional plants in different occupation markets. These different occupation markets are frequently segmented based on business, geographics and nature of industry. The occupational labour markets arise from the division of labour, increasing distinction and specialisation. Since each occupational labour market requires specific accomplishments and cognition, the workers are less likely to exchange in to another occupational labour market. It besides applies in geographic market sections and industry-wise market sections. Therefore, this theory suggests that rewards are straight related to professions and places in the labour market, non to the workers properties ( Weitzman, 1989 ) . The employees at so called white-collar professions and white-collar places are liked to hold higher net incomes than employees at so called blue-collar professions and blue-collar places. This theory farther segregates labour markets into primary labour markets and secondary labour markets. The occupations in primary labour market were characterized by higher

rewards, better working conditions, more stable employment, and higher return to human capital ( Weitzman, 1989 ) . These accounts indicate higher occupation chances in primary labour market for married work forces so unmarried work forces and adult females. The empirical literature that examines income inequality across different professions, peculiarly white-collar, professional adult females see the largest gender pay spread within similar occupation rank and similar profession. The disparity emerges rapidly with a little gender pay spread among college alumnuss so widens over clip as adult females ' s professional callings advancement ( Peterson and Morgan, 1995 ) . The research on attorneies ( Noonan, Cocoran, and Courant 2005 ) , doctors ( Boulis and Jacobs 2003 ) , scientists ( Prokos and Padavic 2005 ) , fiscal professionals on Wall Street ( Roth 2003 ) , and modules in higher instruction ( Toutkoushian 1998 ) indicate that adult females are net incomes less than their work forces opposite numbers.

With mention to above accounts the single adult females or individual adult females are likely to hold higher net incomes so married adult females. The single adult females tend to hold higher investing in instruction and accomplishment development for better calling chances which make them success in white-collar professions and places. Boston ( 1990 ) states that holding ne'er been married is one of the most important factors in finding the likeliness of upward mobility from blue-collar to white-collar places and profession.

To sum up, the structural theoretical accounts suggested that occupational degree and type, market construction and labour market conditions are responsible for gaining difference.



## 2. 3. Gender Level Model

In add-on to single and structural attack, the gender theories explain the net incomes inequality between work forces and adult females. The gender theoretical accounts province that adult females are devaluated at work and frequently sorted for peculiar section of work or business alleged pink neckband occupations ( South and Spitze, 1994 ) . Womans are made responsible for family work whereas work forces look over external personal businesss ( i. e. occupations, gaining ) . This separation of adult females from labour force consistently discriminates on adult females ' s net incomes ( South and Spitze, 1994 ) . Similarly, employers use gender, race and person ' s background as a occupation testing mechanism ( Gupta, 1993 ) . For illustration, adult females are likely to be sorted into clerical and secretarial occupations. Womans are thought to hold better accomplishments for these occupations compared to work forces. As a consequence adult females receive less wage than work forces. The favoritism besides applies to race and ethnicity. Employers may hold certain rank of penchant for naming and advancing employees for occupation type and occupation place ( Gupta, 1993 ) . Women receive lesser penchant on high wage and high ranking places ( Beggs, 2001 ) .

The Gender theories can besides be used to explicate the earning differences between married and single or individual adult females. Corell, Benard, and Paik ( 2007 ) province that female parents experience disadvantages in the workplace in add-on to those normally associated with gender. The adult females prosecute more in family plants. The family responsibilities farther additions as they get married, and go a female

parent. Furthermore, literature suggests that there exist maternity pay spread and factors such as decreased investing in human capital by female parents, lower work attempt by female parents, and favoritism against female parents by employers are responsible for lower net incomes of female parents compared with non-mothers ( Corell, Benard, and Paik, 2007 ) . Therefore, these gender based attitudes, maps and duties make married adult females less wage at work.

### **3. An Alternate Model and Research Hypotheses**

The single theoretical accounts province that single features such as instruction and accomplishment, work experience, and behavioural traits ( honesty, committedness, etc. ) are of import factors explicating pay differences whereas structural theoretical accounts province that structural variables like occupation place ( rank ) , business, and market construction are of import factors to explicate this pay spread. The gender theoretical accounts further province that the prejudice towards peculiar gender, race or ethnicity, and matrimonial position is of import ground for pay differences. Since these theoretical accounts separately are non sufficient to explicate pay spread between married and single adult females, this thesis attempts to synthesise single theoretical accounts, structural theoretical accounts and gender theoretical accounts, and proposes an alternate theoretical account for net incomes inequality.

The alternate theoretical account presented in Figure 1 above shows that individual degree features like degree of instruction, work experience determine the degree of net incomes of single. This relation is farther affected by gender issues like sex, race, ethnicity, matrimonial position, etc.

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as explained by gender theories. The structural variables like business degree, industry, etc. find the degree of net incomes as explained by structural theories. The structural variables may besides hold influence on relationship between single degree features and degree of net incomes. Furthermore, as explained by gender theories, gender issues besides influence the structural variables thereby the degree of gaining.

## **Figure 1. Alternate Model**

### **Independent Variables      Dependent Variable**

Individual degree variables

Education

Work experience

Structural variables

Job place Wage spread ( adult females )

Job business

Gender/Race variables

Gender

Race

Marital position

As explained by single theories, persons holding higher instruction making, and more work experience will hold higher net incomes than persons with

lower instruction making and lesser work experience. Similarly, as explained by structural theories, persons working higher place in occupation hierarchy and working in white-collar professions will hold higher net incomes.

Furthermore, as stated by gender theories, single adult females will achieve higher occupation places in organisational hierarchy. When mapping these relationships, single adult females tend to put more in human capital, be given to be sorted for higher places and white-collar professions, and tend to hold less family duties. Therefore, unmarried or individual adult females tend to hold higher net incomes than married adult females.

The undermentioned hypotheses are formulated and will be tested in this thesis.

Hypothesis 1a: Internet of other factors, with an addition in degree of instruction, there will be an addition in net incomes.

Hypothesis 1b: Internet of other factors, with an addition in work experience, there will be an addition in net incomes.

Hypothesis 2a: Internet of other factors, the higher the place in hierarchy of occupations, the more net incomes.

Hypothesis 2b: Internet of other factors, high-skill businesss will hold higher net incomes than that of low-skill businesss.

Hypothesis 3a: Internet of other factors, single adult females will achieve high-skill businesss than married adult females.

Hypothesis 3b: Internet of other factors, single adult females will hold higher net incomes than married adult females.

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