

Individualism, Human Capital, and the Labor Market – International Evidence

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We estimate how the cultural trait of individualism affects cognitive skills using a large international adult skill test. In an epidemiological approach, we exploit home-country variation in individualism of migrants within destination countries, eliminating cross-country differences in educational and labor-market institutions. Constructing a novel individualism measure at the personal level, a second approach ensures that individualism is not confounded by other country-of-origin characteristics. A third approach exploits within-country between-native variation. Consistently across the three approaches, one standard deviation in individualism is associated with about 0.3 standard deviations higher numeracy skills. Individualists also have higher success in the labor market.