



## [Parents, Schools and Human Capital Differences across Countries](#)

CFM-DP2016-14

Marta De Philippis<sup>1,2,3</sup> and Federico Rossi<sup>3,4</sup>

<sup>1</sup>Bank of Italy, <sup>2</sup>Centre For Economic Policy Research, <sup>3</sup> London School of Economics and Political Science, <sup>4</sup> Centre For Macroeconomics

Results from international standardized tests show large and persistent differences across countries in students' performances. East Asian countries like China, Korea, Japan and Singapore consistently position themselves at the top of international rankings, while the performance in several Latin American, Middle Eastern and Southern European countries has often been disappointing.

This paper investigates the sources of these gaps. Understanding them is important since recent research gives a central role to human capital quality, as measured by standardized tests, for explaining cross-country differences in economic performance.

While the debate has mostly focused on cross-country differences in school quality, we argue that culture and parental inputs are important as well. We compare the school performance of second generation immigrants from different nationalities but educated in the same school, and find that those coming from high-scoring countries in the PISA test do better than their peers. The gap is larger among students whose parents have recently immigrated and have little education, suggesting that the importance of country-specific cultural traits declines as parents integrate in their host countries. We also document that parents from high-scoring countries spend more time with their children, who in turn study for more hours than their peers.

We use our estimates to decompose how much of the cross-country variation in PISA scores is accounted by different sources. We find that parental inputs explain an important share the outperformance of East Asian countries with respect to other regions, in particular Southern European (at least 40%) and Middle Eastern (at least 38%) countries, while they play a more limited role for Latin American countries and the United States.

Our results suggest that importing features of the East Asian schooling system might not be enough to reach similar level of schooling performance. Human capital investment has an important cultural component, which might be hard to affect through policy.