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NEWSLETTER

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## Neighborhood Effects, Family Capital, and Adolescents' Compulsory Education Outcomes

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THE State Council of China's release of the "Decision on Intensifying the Reform of Urban Housing System" in 1994 initiated the market-oriented reform of housing for urban residents. The reform has caused the increased disparities between different types of communities. Education production functions establishes the peer effect (community group effect) as one the four factors in student development. Despite extant extensive studies on the relationships between neighborhood effects and family capital and adolescent academic performance, there remains room for further research on this topic. This article is an empirical analysis of the impact of neighborhood effects and family capital on teenagers' compulsory education outcomes, based on the China Education Panel Survey's data from academic years of 2013-2014 and 2014-2015.

Research findings include that:

- i. Neighborhood effects and family capital have positive impacts on teenagers' compulsory education outcomes. Observable factors such as family financial and cultural capital play dominant roles in the disparities in student academic outcomes at the compulsory education level.
- ii. The conditional quantile regression results showed that there was an N-shape relation between heterogeneous characteristics of neighborhood effects and the increase in cognitive quantiles. Among adolescents with similar observable characteristics, factors such as advantaged neighborhood effects as a result of residence in a private property community and disadvantaged family background aggravated the inequality in compulsory education outcomes on the range of low to high cognitive quantiles. Disparities in compulsory education outcomes induced by community-related neighborhood effects bore an explicit feature of the "sticky floor effect." Individual-, family-, community-, and school-related explanatory variables also contributed to the gaps in compulsory education outcomes at differential cognitive quantiles.
- iii. Neighborhood effects of the private property community had the potential to increase adolescents' cognitive ability by 0.047-0.061 standard points. Analytical results of heterogeneous characteristics of neighborhood effects drew a consistent conclusion with the conditional quantile

regression on the impact of neighborhood effects on compulsory education outcomes at different cognitive quantiles.

The study puts forward recommendations as follows.

- Under the principal of “enrollment in the nearest school,” the educational authorities should promote the implementation of multi-school district policy, which will increase the number of schools each neighborhood can reach and boost the opportunities for teenagers from underprivileged families to access high-quality compulsory education.
- Utilize peer effects and neighborhood effects to support disadvantaged adolescents in advancing their academic level and improving their education outcomes.
- Education departments should formulate and execute the teacher-rotation system within the school district to alleviate the disparities in compulsory education outcomes caused by uneven distribution of high-quality educational resources between schools.

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