



Factors Shaping Economic Mobility: A Comprehensive Analysis of Personal Development, Social Capital, and Socioeconomic Influences

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Abstract: Economic mobility, defined as the movement of individuals or families up or down the economic ladder over time, is a critical measure of the equity and effectiveness of an economic system. While education is widely acknowledged as a cornerstone for fostering economic mobility, this study delves deeper into the multifaceted factors that influence an individual's ability to ascend or descend economically. The research aims to evaluate the role of personal development factors, such as family structure and individual efforts, the influence of social capital, and the impact of socioeconomic background on economic mobility. Using data gathered from a field survey conducted in Jammu district, this study captures perspectives from respondents across diverse income groups, offering unique insights into the dynamics of economic mobility. The findings reveal that while education remains a pivotal factor, other elements such as family support, social networks, access to financial resources, and personal development efforts significantly shape an individual's economic trajectory. This research underscores the importance of adopting a holistic approach to understanding and addressing the barriers and enablers of economic mobility.

Keywords: Economic Mobility, Social capital, Socioeconomic Factors, Academic Factors, Individual Ability

1. Introduction

Economic mobility is often seen as a fundamental component of reducing economic inequality and social justice. In societies that provide equal opportunities, individuals should be able to improve their economic standing regardless of their background. Traditionally, higher education is considered the primary vehicle for upward economic mobility, as it equips individuals with skills that increase their earning potential. However, economic mobility is influenced by a broader array of factors beyond just educational attainment. These factors include family structure, social capital, socioeconomic status, and personal development. Intergenerational education mobility, which reflects the degree to which an individual's educational attainment is independent of their parents', Education is essential for promoting equal opportunities in society.

In the context of India, where socioeconomic inequalities are deeply entrenched, understanding the dynamics of intergenerational mobility is particularly crucial. Economic mobility, the extent to which individuals move beyond their economic origins and their parents' socioeconomic status, is a significant indicator of economic equity and opportunity (Chetty et al., 2014; Liana et al., 2016). When studying economic mobility, economists are more inclined to employ measures focused on earning and income levels (Torche, 2015). In contrast, intergenerational education mobility specifically examines the ability of individuals to attain higher education levels than their parents, wherein education serves as a main vehicle for economic and occupational mobility (Hout and Diprete, 2006). Education not only regenerates socioeconomic advantages across generations but also provides the main avenue for economic mobility by allowing individuals to leave behind the disadvantages of their birth. Recently international comparative studies have suggested that increasing enrolment in higher education does not always promote economic mobility, and can intensify inequality in higher education (Mok, 2016).

Higher education is the apex of the entire educational structure. It influences all levels of education. It empowers people with skills and knowledge for productive employment. Universities prepare the students to participate effectively in different development programmes. Education has become a very important tool for reducing economic inequalities and promoting economic mobility via "equality of opportunity" and "opportunity for all". According to World Inequality Report in 2018 (Alvaredo, F., Chance, L., Piketty, T., Saez, E., & Zucman, G., 2018) the income inequality observed in the US is largely due to massive educational inequalities.

Research conducted by the OECD (2012) concluded that economic inequality was strongly correlated with economic mobility. While stagnant income among low-income individuals is worrisome, an additional concern is that increased economic inequality may limit economic mobility, which is defined as the degree to which conditions at birth and childhood determine outcomes later in life (Krueger, 2012). The Great Gatsby curve is a scatterplot used to illustrate the inverse relationship between economic inequality and economic mobility. Nations with higher levels of economic inequality tend to have a lower level of economic mobility (Lindquist and Mazumder, 2014). The significant increase in economic inequality in developed countries has been driven mostly by a combination of increased wages for highly educated workers and higher income for top earners (Hout, 2012).

Higher education has traditionally been seen as a means to greater equality through its role in enhancing economic mobility. Economic mobility refers to the movement by specific entities between periods in economic status determinants (Behram, 2006). Such indicators may be the income of individuals or households as well as the occupation or educational status of the individual. Thus, access to higher education has a significant impact on reducing economic inequalities and improving economic mobility (Crawford et al., 2016).

2. Review of literature

Scholars and policymakers have recently argued in favour of increased investments in higher education to reduce inequality and promote local economic mobility (Austin, Glaeser, and Summers, 2018; Gruber and Johnson, 2019; Guzman, Murray, Stern, and Williams, 2023; Maxim and Muro, 2021). Despite the policy interest in this topic, most of the existing causal work on the role of colleges in economic mobility has focused narrowly on the students who attend college (Chetty, Friedman, Saez, Turner, and Yagan, 2018, 2020) and has neglected the larger impacts universities have as they shape the areas in which they have been established (Cantwell, 2022).

Recent work has pointed to this kind of social capital as one of the strongest predictors of improved local economic mobility, and preliminary analyses indicate that the relationship between economic connectedness and economic mobility is at least partially causal (Chetty, Jackson, Kuchler, Stroebe, Hendren, Fluegge, Gong, Gonzalez, Grondin, Jacob, Johnston, Koenen, Laguna-Muggenburg, Mudekereza, Rutter, Thor, Townsend, Zhang, Bailey, Barbera, Bhole, and Wernerfelt, 2022a). One factor that has played a significant role in economic mobility for generations is education. Approximately 83% of Americans strongly believe in the role of education as “essential” or “very important” to economic mobility (Pew Charitable Trusts, 2009). Building on early educational gains, higher education plays a pivotal role in advancing economic mobility; it raises both the absolute and relative economic standing of families (Grawe, 2008; Haskins et al., 2009).

Children of parents with higher educational levels themselves have higher educational levels (Yang, 2016), as well as higher cognitive levels and social skills (Narayan *et al.*, 2018), than children of parents with lower educational levels, (Liu *et al.*, 2013) find a significant difference between the incomes of people in urban and rural areas. Vere (2010) identified higher education as a crucial determinant of upward economic mobility, which is an indicator showing changes in individual

income and socioeconomic status. The Pew Research Centre (2014) found that higher education is important for getting ahead, knowing the right people and belonging to a wealthy family was also critical. However, there is no denying the fact that in some developed countries like America and Britain, economic mobility has been falling over the same period that higher education has been expanding (Astin, 2015). Mok (2016) argues that the massification of higher education does not necessarily lead to more educational opportunities for youth or opportunities for upward economic movements.

Khalid (2018) investigated the extent and existence of economic mobility in terms of educational attainment and income level. The study found that the majority of adult children have better educational attainment and income levels compared with their parents and also shows that education, ownership gender, and location matter in upward economic mobility. Indeed education is a crucial intervening link between the social background of individuals and their later class destination (Muller and Shavit, 1998) and this may reinforce economic inequalities and reduce economic mobility. Arifin (2017) study explained the link between higher education and economic mobility in Indonesia and this relationship is influenced by various factors: socioeconomic inequality and geography and cultural disparities. Furthermore, with the decreasing economic inequality in society, more individuals can go to higher education in turn will promote upward economic mobility.

This paper seeks to explore these educational and non-educational factors and how they affect mobility. How does educational attainment influence an individual's economic mobility? What role does social capital (e.g., networks, relationships) play in economic mobility? How does family structure (e.g., single-parent vs. two-parent households) affect an individual's economic mobility? How do individuals at different income levels perceive economic mobility and the factors influencing it? Based on the findings of the study, several significant research gaps have emerged that warrant further investigation. These gaps reflect the complexity of economic mobility and provide an opportunity to expand the existing body of knowledge on how individuals move through the economic ladder, with a particular focus on the factors influencing upward and downward mobility. The following outlines key areas where research can be extended or refined.

3. Objectives and methodology

The main objective of this study is to investigate the various factors affecting economic mobility and how these factors contribute to the upward or downward

movement of individuals across the economic ladder. Specifically, this research aims to achieve the following objectives:

- To examine the role of personal development factors in economic mobility
- To assess the influence of social capital on economic mobility
- To explore the socioeconomic factors that influence economic mobility

3.1. Sampling design

The present study was done in the Jammu district of Jammu & Kashmir UTs. Jammu district is chosen for the case study approach based on its relevance to the research objectives and for its unique characteristics. The study aligns with the research problem, possesses distinct features of interest and data provides practical access for fieldwork. The total enrolment of higher education in Jammu district constitutes the population of the study. To enhance the reliability of sampling and to assimilate statistical population features in the sample, the stratified random sampling technique was used in which selections were made randomly from the different streams of higher education. This study employs a field survey conducted in Jammu district, involving 395 respondents from various income levels. The survey asked participants to assess the importance of various personal development and socioeconomic factors on economic mobility using a Likert scale. Respondents rated factors such as family structure, social capital, and luck, as well as educational factors, on a scale ranging from “Essential” to “Not Important.”

4. Results and Discussion

Table 1: Personal development factors affect economic mobility

<i>Personal development factors</i>	<i>Essential</i>	<i>Somewhat important</i>	<i>Very important</i>	<i>Not important</i>	<i>Total</i>
1) Family structure (if raised by both parents)	104 (26.32)	151 (38.22)	109 (27.62)	31 (7.84)	395 (100.00)
2) Caste	110 (27.84)	147 (37.21)	37 (9.36)	101 (25.59)	395 (100.00)
3) Growing up in a stable family environment	179 (45.31)	105 (26.57)	81 (20.50)	30 (7.62)	395 (100.00)
4) Growing up in a good neighbourhood	182 (46.07)	117 (29.62)	69 (17.46)	27 (6.85)	395 (100.00)
5) Knowing the right people	226 (57.21)	85 (21.51)	45 (11.39)	39 (9.89)	395 (100.00)
6) Luck	262 (66.32)	72 (18.22)	31 (7.84)	30 (7.62)	395 (100.00)

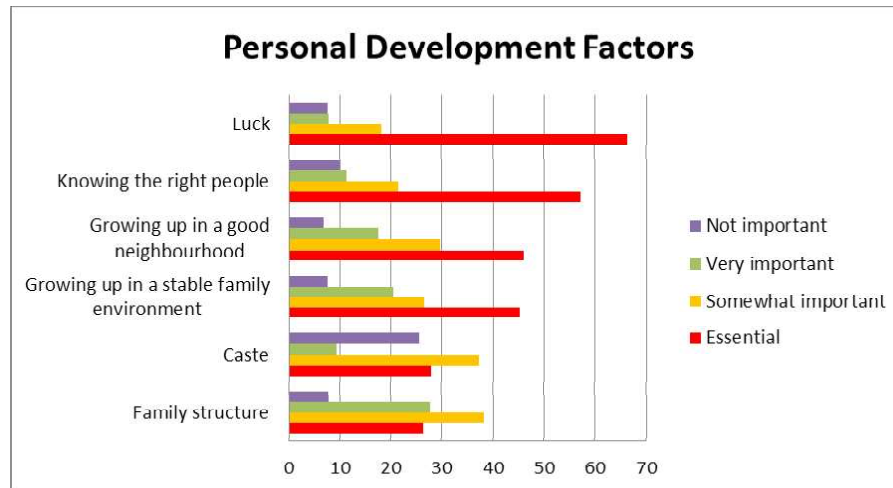


Fig. 1: Personal development factors affecting economic mobility

The survey data reveals that **family structure** plays a crucial role in determining economic mobility. Respondents rated **family structure** as essential to economic mobility, with 27.62% considering it “very important” and 45.31% rating growing up in a stable family environment as “essential.” This finding aligns with the broader literature that suggests children rose in stable; two-parent households tend to have better educational outcomes, access to resources, and opportunities, which in turn improves their chances of upward mobility. The findings confirm that the **family environment** provides critical support in terms of emotional, financial, and educational resources.

Further, the role of **social capital**, including “knowing the right people,” was highlighted by 57.21% of respondents who rated it as “essential” to economic mobility. This indicates that the strength of an individual’s social networks and connections significantly impacts their ability to access opportunities, jobs, and resources. This is consistent with the concept of **social capital**, which emphasizes that individuals who are well-connected in their communities tend to have better opportunities for economic advancement.

The data also points to the importance of **growing up in a good neighbourhood**. With 46.07% of respondents rating it as “essential,” this underscores how the economic connectedness of a community can shape the chances of upward mobility. Communities with higher economic interconnectedness tend to offer more resources, jobs, and support networks that individuals can tap into for economic advancement.

Interestingly, the role of **luck** was also seen as significant by 66.32% of respondents, who considered it “essential.” This finding suggests that while personal effort and hard work are critical, external factors—such as chance encounters, timing, and opportunities beyond an individual’s control—also play a key role in economic outcomes.

Table 2: Academic Factors Affecting Economic Mobility

<i>Academic factors</i>	<i>Essential</i>	<i>Somewhat important</i>	<i>Very important</i>	<i>Not important</i>	<i>Total</i>
1) Having a good education yourself	235 (59.49)	64 (16.20)	96 (24.31)	-	395 (100.00)
2) Hard work	240 (60.75)	76 (19.24)	79 (20.01)	-	395 (100.00)
3) Access to quality higher education	46 (11.64)	122 (30.88)	190 (48.10)	37 (9.38)	395 (100.00)
4) The existence of a university near the respondent area	173 (43.79)	108 (27.34)	69 (17.46)	45 (11.41)	395 (100.00)
5) Opportunity by the govt.	197 (49.87)	135 (34.17)	41 (10.37)	22 (5.59)	395 (100.00)
6) Access to loans	179 (45.31)	109 (27.59)	48 (12.15)	56 (14.59)	395 (100.00)

Source: Field survey

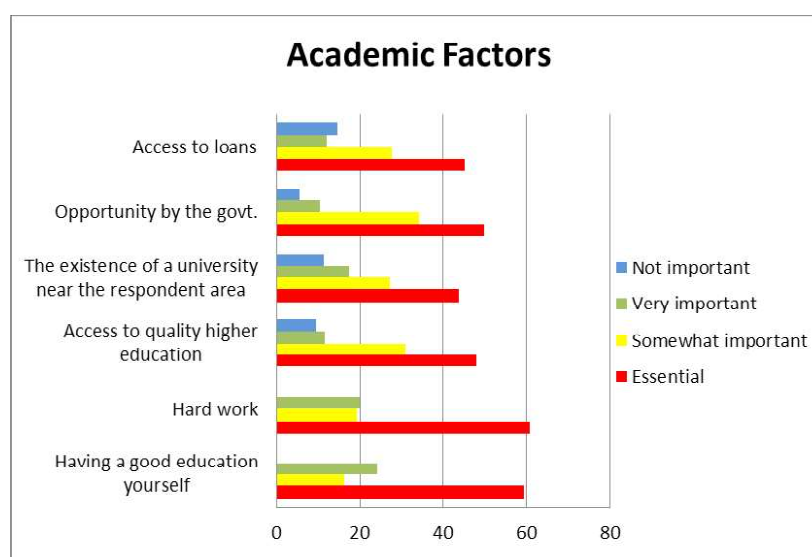


Fig. 2: Academic factors affecting economic mobility

When respondents were asked about academic factors, having a good education was rated as “essential” by 59.49% of participants. This shows the dominant role of education in shaping economic outcomes. Higher education, particularly, is often seen as a pathway to higher-paying jobs and career advancement, making it a significant determinant of upward mobility.

Additionally, **hard work** was also deemed “essential” by 60.75% of respondents. This emphasizes the belief that perseverance and effort are critical to achieving economic success, regardless of one’s background. This finding aligns with the **meritocratic view** that individuals who put in hard work are more likely to achieve economic success.

Regarding access to **higher education**, 48.10% of respondents regarded it as “very important,” reflecting the reality that not all individuals have equal access to higher education opportunities. Individuals from marginalized or lower-income backgrounds often face systemic barriers such as affordability, lack of information, or institutional discrimination, which may hinder their ability to achieve higher education. Therefore, access to quality education becomes a crucial factor in promoting upward mobility, especially for disadvantaged groups.

The **existence of a university near one’s area** was also considered important, with 43.79% of respondents indicating it as “essential.” This suggests that the proximity of educational institutions can reduce logistical and financial barriers to higher education, making it easier for individuals to pursue further education and improve their economic prospects.

Table 3: Socioeconomic factors affecting economic mobility

<i>Socioeconomic factors</i>	<i>Essential</i>	<i>Somewhat important</i>	<i>Very important</i>	<i>Not important</i>	<i>Total</i>
1) Coming from a wealthy family	121 (30.63)	190 (48.10)	32 (8.10)	52 (13.17)	395 (100.00)
2) Ownership of assets	158 (40.0)	148 (37.46)	43 (10.88)	46 (11.66)	395 (100.00)
3) Having well-educated parents	151 (38.22)	127 (32.15)	73 (18.48)	44 (11.15)	395 (100.00)
4) Parents have any type of savings	143 (36.20)	183 (46.32)	50 (12.65)	19 (4.83)	395 (100.00)
5) Parents with financial assets	212 (53.67)	101 (25.56)	61 (15.44)	21 (5.33)	395 (100.00)

Source: Field survey

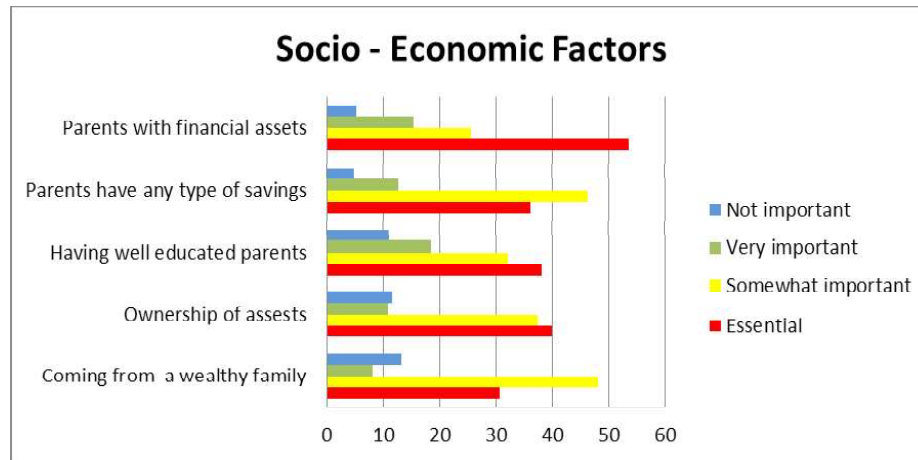


Fig. 3: Socioeconomic factors affecting economic mobility

The availability of **loans** was rated as “somewhat important” by 45.31% of respondents, indicating that access to financial credit is a key enabler of economic mobility, particularly for those looking to pursue higher education or invest in entrepreneurial ventures. However, the fact that 14.59% of respondents viewed it as “not important” highlights that access to loans may not always translate into better mobility, especially if individuals do not have the financial security or credit history to qualify for them.

The survey data provides clear evidence that **socioeconomic background** significantly influences an individual’s chances of economic mobility. **Having well-educated parents** was considered “essential” by 38.22% of respondents, and **having financially stable parents** was also highlighted as important. This reflects the significant role that **parental education** and **financial capital** play in shaping the resources and opportunities available to children. Children of well-educated and financially secure parents are more likely to have access to quality education, professional networks, and financial support, which can substantially enhance their chances of upward mobility.

Ownership of assets was rated as somewhat important by 40.0% of respondents, and **parents with financial assets** were considered “essential” by 53.67% of respondents. This suggests that **financial capital**, including wealth accumulation and inheritance, significantly impacts one’s ability to pursue opportunities that require upfront investments, such as higher education or starting a business.

Interestingly, **coming from a wealthy family** was rated as somewhat important by 48.10% of respondents. This finding highlights the fact that financial resources—whether through direct inheritance or the ability to access better educational and job opportunities—remain critical drivers of economic mobility. Individuals from wealthier families are often better positioned to succeed in the labour market, not only due to direct wealth but also due to access to better educational and career networks.

Correlation Between Personal, Academic, and Socioeconomic Factors

A clear pattern emerges from the data: personal development factors, academic factors, and socioeconomic background are all deeply interconnected and collectively shape economic mobility. For example, individuals with well-educated and financially secure parents are more likely to have access to quality education, which can open doors to better job opportunities. In turn, having strong social capital—such as knowing the right people and living in a connected community—can further enhance one's chances of succeeding in these environments.

The data also suggests that economic mobility is not solely determined by individual effort or merit. **External factors**, such as social and economic conditions, government policies, and even **luck**, significantly influence one's ability to rise economically. Therefore, any analysis of economic mobility should consider these factors as part of a broader ecosystem.

5. Conclusion

This research demonstrates that economic mobility is a complex, multifaceted process that goes beyond the role of higher education. While education remains an essential factor in achieving upward mobility, family structure, social capital, parental wealth, and personal effort all significantly shape an individual's ability to improve their economic standing. The findings underscore the importance of addressing the broader social and economic conditions that affect an individual's ability to achieve upward mobility.

By recognizing and addressing these diverse factors, policymakers can create a more equitable society where economic opportunities are accessible to individuals of all backgrounds. Policymakers seeking to improve economic mobility must consider a holistic approach that not only enhances access to education but also addresses family dynamics, social networks, and the availability of financial resources. By focusing on reducing inequalities across these domains,

society can help create more opportunities for individuals to move up the economic ladder, regardless of their socioeconomic background. Further research is needed to explore the specific mechanisms through which these factors interact and to evaluate the effectiveness of policy interventions aimed at promoting economic mobility.

6. Policy implications

The findings of this study have significant policy implications aimed at enhancing economic mobility. Key policy recommendations include:

1. **Supporting Family Stability:** Policymakers can implement programs that provide resources for single-parent households, including access to affordable childcare, mental health services, and financial assistance.
2. **Building Social Capital:** Community development initiatives that promote economic connectedness and build social networks in low-income neighbourhoods are crucial for facilitating upward mobility.
3. **Addressing Parental Education and Wealth Inequality:** Policies aimed at reducing wealth inequality, such as progressive tax policies and wealth redistribution programs, can help address disparities in economic mobility.
4. **Expanding Access to Education:** Ensuring equitable access to high-quality education, regardless of socioeconomic background, is essential for creating equal opportunities for all individuals.
5. **Supporting Personal Effort:** Encouraging hard work and determination through skills training, job placement programs, and mentorship initiatives can provide individuals with the tools needed to succeed in the labour market.

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