

Firm-Level Social Returns to Education

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Do workers benefit from the education of their co-workers? We investigate this question drawing on a panel of large Portuguese firms and their workers, using fixed effects and instrumenting average schooling in each firm-year with its lagged value and the lagged share of retirement-age workers. We find evidence of substantial firm-level social returns (at about 19%), much larger than standard estimates of private returns to education, and of sizeable returns accruing to less educated workers but not to their more educated colleagues.

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