

Abstract

Parents and policymakers alike worry about what activities may provide valuable learning experiences to youths beyond the domain of schooling. Research on extracurricular and leisure activities documents sizeable positive associations between the engagement in structured activities and measures of skills, educational attainment and labor market outcomes. What are the underlying mechanisms? This paper first develops a simple model to clarify the potential links between leisure time use and human capital formation. Then we explore empirically what youths do in their leisure. We further focus on sports as a popular activity and estimate its effect on a set of behavioral and economic outcomes. The empirical analysis exploits data from the German Socio-Economic Panel that offers the unique advantage of both a large, representative sample and high quality behavioral measures. We employ a flexible strategy combining propensity score matching and regression techniques to account for self selection into athletic involvement. We assess the plausibility of no unmeasured confounding using human capital measures that are predetermined with respect to athletic involvement. Our results are consistent with the hypothesis that structured leisure activities like sports contribute to the development of nonacademic skills.