Learning About Oneself: The Effects of Signaling Academic Ability on School Choice

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Abstract

Students’ inaccurate perceptions about their own academic skills may alter school choice decisions by distorting the (perceived) payoffs of different educational careers. In the context of the centralized high school assignment mechanism used in the metropolitan area of Mexico City, we administer a mock version of the admission exam used to rank students and communicate score results to a randomly chosen subset of them. We report three main findings. First, the intervention induces symmetric margins of adjustment between expected and realized performance. Second, the treatment makes preferences for (and the probability of admission in) the academic-oriented track more responsive to students’ academic achievement. Third, school choice responses are asymmetric depending on the direction of the beliefs’ update induced by the intervention. We discuss the role of different moments of the belief distribution in explaining the limited pass through of information onto choices in our setting.

Keywords: information, Bayesian updating, biased beliefs, school choice.

JEL Codes: D83; I21; I24; J24.

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