



**Online workshop on the Economics of Education
November 20-21, 2020, at 18:00-20:00 St Petersburg time**

An informal and friendly discussion of our recent research on the economics of education and its implications for the labor market.

Chair: Trudie Schils (Maastricht University)

Organizer: Liudmila Galiullina (Maastricht University)

November 20 (Friday)

17:50 zoom opens, welcome! :)

18:00-18:05 welcome speech by Trudie & Liudmila

18:05-18:35 Mariana Tavares (Maastricht University). What took you so long? Question response time and student characteristics (discussed by Guanyi Yang)

Achievement test scores are often perceived as pure measures of cognitive ability. There is increasing evidence that this may be a simplification. Results on achievement tests do not only depend on mental capacity, but also on decisions regarding the amount of effort exerted during the task of test-taking. We analyse the evolution of effort during this task and investigate whether there are systematic differences between genders, socioeconomic status, attainment levels and personality traits. We capture student effort through objectively measured and observed outcomes of student decisions and take advantage of random question order to identify potential effects. We find that effort levels fall as the test progresses and at different rates. Females sustain higher effort levels for longer, as well as high achievers and more conscientious and agreeable students.

18:35-19:05 Guanyi Yang (St. Lawrence University). Best Time for College? A Tale of Two Endowments (discussed by Liudmila Galiullina)

In this study, I show empirical evidence that there are significant intermittent college education. Most of the individuals do not complete all of their post-secondary education at once, and experience delays and interruptions before completing their final degree. I find that this behavior is strongly related to their age 18 human capital and wealth endowment. Individuals with higher initial wealth and human capital endowments are more likely to complete college and do so at an earlier age. This is because college education moves one to a higher human capital path, which also suffers higher risk. Individuals from wealthier backgrounds are more risk tolerant and are

closer to the college completion threshold. This contributes to the existing literature by showing that wealth matters to human capital accumulation, not only through borrowing limit. The distribution of wealth matters, even above the borrowing limit. Given the highly unequal wealth distribution at age 18, it also prevents talented young people from completing college. Modeling the intermittent college profile also reveals that having access to college at a later age benefits the initially low human capital individuals in providing them with a higher upward social mobility.

19:05-19:30 Liudmila Galiullina (Maastricht University). Grading effects on student effort: the role of targets, beliefs, and explanatory styles (discussed by Xuan Jiang)

The academic standards vary from teacher to teacher. Yet, the grades that students earn in their study programs semester after semester may have a strong influence on their study effort. I build a simple two-period model to analyze how grades already earned and those expected in the future influence the students' willingness to exert effort. In my model, each semester, a student's utility function decreases with effort and increases with an indicator of perceived feasibility of the grade target. The utility-maximizing choice of effort in the first study period depends on the grade target, on its importance to the student, and on the student's initial beliefs about their ability and return to effort. Actual grades however do not have to coincide with students' initial expectations. Having received the grade from the first study period, the student attributes the unexplained part of the actual grade to either unstable or stable factors. Under the unstable attribution, the student in period 2 adjusts only their grade target. Under the stable attribution, the student additionally updates their beliefs about their ability and/or return to effort. Hence, the choice of the second-period effort depends on the first-period grade. The model predicts several kinds of grading effects on study effort. Notably, no matter whether the student attributes academic success or failure to stable or unstable factors, higher initial grades, *ceteris paribus*, lead to lower (or at least not higher) future effort. The only notable exception to this negative grading effect is a dramatic jump from zero to maximum effort that happens when the initial grade gets high enough to switch the student from the "giving up" regime (originating from extremely low initial grades) to the grade-minded one. The model provides practical recommendations on how to motivate students who hold various types of self-beliefs, explanatory styles, and grade targets.

19:30-20:00 Xuan Jiang (Ohio State University). A Second Chance at Success? Effects of College Grade Forgiveness Policies on Student Outcomes (discussed by Mariana Tavares)

The increased popularity of college "grade forgiveness" policies, which allow students to retake classes and substitute the new grades for the previous grades, is often attributed to pressure placed on colleges to ensure their "customers" are satisfied. This study is the first to ask whether such policies benefit students and, if so, which students are likely to gain the most. To answer these questions, we use student-level admissions and transcript data from a four-year public institution in the U.S. that underwent major changes in its grade forgiveness policy. We find that grade forgiveness significantly increases the probability that a student will repeat a course and that more failed courses are repeated. Students, especially students with weaker academic preparation are more likely to take challenging courses and to enroll more credits when their grades can be forgiven; we also see evidence of significant increases in withdrawing from courses for this same set of students. Increased variances in within-term grades suggests that students may change their effort allocations between courses taken in the same semester – students might spend more effort on courses that promise a higher grade in return. Repeaters whose first attempted grades are forgiven are more likely to take another course in the same subject and to obtain better grades.

November 21 (Saturday)

17:50 zoom opens, welcome! :)

18:00-18:30 Jérémy Havelin (CREST-ENSAE). Apprenticeship and Youth Unemployment (discussed by Bart K. de Koning)

In France, two years after school completion and getting the same diploma, the employment rate of apprentices is about 15 percentage points higher than that of vocational students. Despite this difference, this paper shows that there is almost no difference between the probability of getting a callback from employers for unemployed youth formerly either apprentices or vocational students. This result indicates that the higher employment rate of apprentices does not rely, in the French context, on better job access of those who do not remain in their training firms. The estimation of a job search and matching model shows that the expansion of apprenticeship has very limited effects on youth unemployment if this is not accompanied by an increase in the retention of apprentices in their training firm.

18:30-19:00 Bart K. de Koning (Maastricht University). Correcting Erroneous Beliefs about Job Opportunities and Wages: a Field Experiment on Education Choices (discussed by Md Nazmul Ahsan)

In a field-experimental setting, we provide Dutch pre-vocational secondary education students with information about the job opportunities and hourly wages of occupations they are interested in. The experiment takes place on an existing online career guidance counseling platform and involves 28,267 students in 243 schools over 2 years. We study whether the information improves the accuracy of students' beliefs, shifts their preferences over occupations and impacts their education choices. In the short term, providing information improves belief accuracy. In the longer term, the improved belief accuracy remains only for students who received the information less than a year ago and only for job opportunities. Students who received information are more likely to change their a priori favorite occupation. If they do so, they generally substitute it for an occupation with better prospects. Students who received information about the hourly wages of occupations choose study programs with better earnings prospects.

19:00-19:30 Md Nazmul Ahsan (Saint Louis University). Social Promotion and Learning Outcomes: Evidence from India (discussed by Per Bles)

We study the effects of a national social promotion policy on learning outcomes in India. The "No Detention Policy" mandated an automatic promotion of students until grade 8. Exploiting variation in pre-existing grade retention rules across states, we set up a differences-in-differences design. Using data from eight years of a large-scale education survey, we find that social promotion improved reading scores by 2.5 percent, and math scores by 5 percent. Event study graphs confirm that the results are not driven by pre-existing trends. Both boys and girls show improvements in learning outcomes. We consider different mechanisms that could be driving our results.

19:30-20:00 Per Bles (Maastricht University). Types of Tracking and Educational Success in the Netherlands (discussed by Jérémy Havelin)

This paper examines the effect of different types of secondary-school tracking on educational attainment. Using rich registry data, we exploit the variation in the supply with schools that are offering different types of tracks in the local area and use that as an instrument variable for track choice. We differentiate three types of tracking: strictly tracking, partly tracking and broadly

tracking. Our results show that students with the same pre-vocational track recommendation are more likely to obtain a diploma that exceeds their track recommendation in a non-strictly tracked class compared to students in a strictly tracked class. This effect is more pronounced for students who attended a class combining more than two tracks (broadly tracked) than a class combining two tracks (partly tracked). The type of track does not affect student's likelihood to enrol in higher education. Here, other mobility mechanisms might be in play. Our findings add substantially to the literature on tracking by showing that it is more than a binary indicator as is often used, but that there are more fine-grained differences that matter for the students school career.