

The role of coarse information on the success probability in college application behavior

Tomoharu Mori and Katsuya Takii

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Abstract

This paper examines that when students are informed of their grades and chances of being accepted in a college application, how they interpret this information and how it influences their actual application behavior. There is a significant feature of the information returned by the prep school to students: it contains both a coarse information on the success probability (discrete score label) and the precise information in the same place. Using a regression discontinuity design, we show that before and after the score label threshold, the probability of applying to a college to which one was planning to apply significantly changes. Sub-sample analyses show that the differences before and after the threshold are larger on the students who are likely to have more incentive to change their application decision, who score less in the test, and who live in non-metropolitan area. We also construct a decision model that explicitly include behavioral inattention and recover the attention parameters.

JEL Classification: C21, D91, I23

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