

# **“Testing the effects of an unobservable factor: Do marriage prospects affect college-major choice?”**

joint work with Alper Arslan and Brantly Callaway

## **Abstract**

Motivated by studying the effects of marriage prospects on students' college major choices, this paper develops a new econometric test for analyzing the effects of an unobservable factor in a setting where this factor potentially influences both agents' decisions and a binary dependent outcome variable. Our test is built upon a flexible copula-based estimation procedure and leverages the ordered nature of latent utilities of the polychotomous choice model. Using the proposed method, we demonstrate that marriage prospects significantly influence the college major choices of college graduates participating in the National Longitudinal Study of Youth (97) Survey. Furthermore, we validate the robustness of our findings with alternative tests that use stated marriage expectation measures from our data, thereby demonstrating the applicability and validity of our testing procedure in real life scenarios."