Information, Heterogeneous Updating & Higher Education

Decisions: Experimental Evidence from India

Tanvi Rao*

November 7, 2016

Abstract

I randomize information on population earnings to a sample of 12th grade students, drawn from schools affiliated with a large public state university in India, who at the time were six months away from making a decision regarding college attendance and college track (technical, academic, vocational) conditional on attendance. Upon the receipt of potentially new information, students revise beliefs regarding own-wages in the direction of the information, though the average extent of updating is small and masks substantial sub-group heterogeneity. Additionally, subsequent changes in enrollment intentions and intentions to borrow for higher education are in line with both the extent and direction of wage belief updating. A portion of the heterogeneity in wage belief updating can be explained by initial misperceptions regarding population earnings, and baseline relevance of earnings to enrollment intentions. Yet a substantial portion remains unexplained, consistent with substantial heterogeneity in updating heuristics, at the individual level. From a policy standpoint, these findings point to the limited capacity of information campaigns based on population-level aggregates to induce, on average, large changes in individual priors and help to rationalize a number of recent papers that find heterogeneous impacts of information provision on education outcomes.

JEL Classification: D83, I23, I26, J24
Keywords: information, subjective beliefs, higher education choices, framed field experiment, India.

* Correspondence: Dyson School of Applied Economics & Management, Cornell University, 434 Warren Hall, Ithaca, NY 14853. Email: tr254@cornell.edu; Website: www.tanvirao.com