

# THE DYNAMICS OF ENTRY AND EXIT IN POST-SECONDARY EDUCATION

Joniada Milla

## Abstract

This doctoral thesis brings to the forefront of the existing literature the importance of analyzing transitional dynamics among different levels of schooling and to the labor market. It is comprised of three separate, but closely related chapters. I perform empirical analyses using longitudinal and confidential survey data from Statistics Canada; employing program evaluation techniques, as well as parametric and non-parametric regression modelling.

The first chapter is joint work with Louis Christofides, Michael Hoy and Thanasis Stengos. We explore the forces that shape the development of aspirations and the achievement of grades during high school and the role that these aspirations, grades, and other variables play in educational outcomes such as going to university and graduating. We find that parental expectations and peer effects have a significant impact on educational outcomes through grades, aspirations, and their interconnectedness, an issue explained in the context of a rich, longitudinal data set. Apart from this indirect path, parents and peers also influence educational outcomes directly. Policy measures that operate on parental influences may modify educational outcomes in desired directions.

In the second paper I estimate the wage returns to university quality using matching methods and the Canadian Youth in Transition Survey (YITS). Information in the YITS allows us to incorporate into the analysis the high school grades as a measure for ability and other individual characteristics, which form the basis of a credible identification strategy. I distinguish between two distinct measures of university quality. The first, is a survey-based university reputation ranking. The second measure is a new university ranking index, which is constructed from several university characteristics in order to objectively reflect the university quality. The findings indicate that the wage returns of having a Bachelor's degree from a highly ranked university are 10.3% for women, and 13.4% for men. The returns are higher when comparing the wages in the top and bottom tails of the ranking distribution and gender differences are identified. The results are robust to different specifications, sample exclusions and econometric approaches.

The third chapter, looks carefully into how students form expectations and decide to drop out and change major once in post-secondary education (PSE). Students invest in PSE at a risk of failing to complete the program and graduate. In the YITS, 18% of the students that complete their first year in PSE decide to change program or even drop out. This paper conducts a large-scale study on expectations about PSE outcomes and how individuals revise their expectations. We find evidence that students change expectations and PSE pathways as they are exposed to unexpected new information, which informs them about the quality of match between their own ability and the program that they are enrolled. Additionally, using non-parametric methods we show that this relationship is not linear, but instead responsive only to unexpected negative information.