

Assortative Match in College Admissions: Evidence from China

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Abstract

In the recent decades, most provinces in China have conducted college admission reforms to allow more “parallel options” in the assignment mechanisms. Although Chen and Kesten (2017) provided theoretical justifications for these reforms, it is not clear how the matching outcomes have been affected. First, we analyze a Bayesian Nash equilibrium (BNE) of these mechanisms with a continuum of students and show that the unique BNE outcome should be the same across any parallel mechanisms. Using a large administrative data of match outcomes, however, we strongly reject this hypothesis. Next, we consider an equilibrium in which some students may have incorrect beliefs over the preferences of other students. In this case, more parallel options would achieve a more assortative match between colleges and students. We show that this prediction is more consistent with our data, which implies that we may need to take account of these behavioral elements in analyzing matching markets.

References

CHEN, Y. AND O. KESTEN (2017): “Chinese College Admissions and School Choice Reforms: A Theoretical Analysis,” *Journal of Political Economy*, 125, 99–139.

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