

Labor Market Preferences, Information Deficits and the University Dropout Decision

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In this paper, we establish a link between information deficits and costly educational pathway adjustments. Specifically, we examine the dropout rate and relate it to whether students' career and major preferences actually match their chosen field of study. We find that students whose occupational preferences cannot be reached with the degree they started are 6 percentage points more likely to drop out of their program. We show that this effect is entirely driven by women. We also find that men have a higher dropout rate when their major does not match their preferred major. Finally, we attempt to explain our results by examining the channels of why women respond to mismatches in majors and career preferences, while men respond to mismatches in majors and major preferences.