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Abstract

Quality in tertiary education pays off. In countries with competitive tertiary education, elite flagship institutions attract high-achieving students. Not all bright students, however, access elite institutions. Can honors programs be an alternative way to nurture talent? This paper studies the causal impact of attending an honors program offered to high achieving students at a non-selective university in a context with non-competitive tertiary institutions. We exploit plausibly exogenous variation in the program's admission procedure, which leads to a strong discontinuity in the probability of admission and enrolment. We show the program works as both a recruitment device, increasing the probability of enrolling at the parent university, as well as a commitment device, reducing late graduation rates for admitted students. Moreover, enrolment into the program leads to a sizeable improvement in academic achievement (+0.53 GPA points on a scale of 30) and shapes future labour market prospects towards post graduate studies (+18 pp). Prospects are confirmed by an increase (+37 pp) in the proportion of graduates enrolled in PhD programs one year after graduation. We find that, while honors students from different backgrounds have different starting points in terms of academic achievements and prospects, they tend to converge by the end of the program. According to our findings, honors programs can be an effective tool to improve educational attainment and foster further human capital accumulation in talented students, mainly through an increase in transitions towards PhD programs. Next steps in this paper will involve a thorough investigation of mechanisms, this will also include the introduction of a novel measure of interdisciplinary education measured at the individual level by analysing the reference section of university theses.